The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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How Effective Is China's Boycott Against Japan? . . . . . By Lowe Chuan-hua

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Formerly Millard's Review

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WASHINGTON OFFICE
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SOME OF THE DANGERS THAT THREATEN SHANGHAI

AS time rolls on it is becoming increasingly apparent that internal disturbances will eventually mar the quiet of Shanghai. Day by day the number of unemployed is increasing and groups numbering thousands have at various times made demonstrations in front of Chinese relief headquarters demanding food. The number of refugees in certain sections of the International Settlement and the French sections has so congested living accommodations that subsistence expenses have risen very considerably, and as a great part of the refugees have lost the most of their belongings, many of them are on the verge of starvation, except as they are able to depend on relatives or friends to come to their relief. The streets of Shanghai, which in recent months have been the scene of an increasing horde of beggars, are now becoming daily more infested with these indigent specimens of humanity, most of them filthy, many of them diseased and crippled and all of them insistently appealing for relief. They pester every pedestrian and congregate at every street car, ricsha and automobile stopping place. Owing to the cordon of military units around Shanghai, both Chinese and Japanese, the usual supply of provisions from the country has been very much curtailed. The beef supply has been particularly affected. Most of the cattle slaughtered here have in peace times been sent down on the railway, but at present this mode of transportation is practically out of the question, as not only is the line cut some distance out from Shanghai, but such service as is maintained is mostly monopolized by the Chinese troops. Several hundred head of cattle are being brought down from Tsingtao, which draws a large supply from the hinterland of Shantung, but this source of supply is limited, as the greater part of the available supply is under contract for the American forces in the Philippine Islands. Another source of possible commotion in the Foreign Settlement is the attitude of the more radical shopkeepers, who have either closed their doors out of protest against the Japanese invasion or have found business so bad that they did not consider it worth while to go through the farce of keeping the doors open. All the three large Chinese department stores on Nanking road have kept their doors closed from the beginning of the trouble. Behind this door-closing gesture there lurks the germ of

considerable trouble. The Chinese attitude generally is this: The greater part of the heavy taxes paid to the Shanghai Municipal Council are paid by Chinese. They have paid these taxes on the theory, which has been dinned into their ears again and again, that they "are given protection, and this is well worth the high taxes which are levied." Now, however, the Chinese retort that they are not getting this protection. Instead, large areas of the Settlement have been violated by the Japanese, hundreds of defenseless Chinese have been captured, and either spirited away or executed, business has been made impossible, and, generally speaking, hundreds of thousands of Chinese can only walk the streets of large areas in the Settlement at the fear of their lives and at any rate not without being molested at almost every step by Japanese marines or other military men. The Chinese therefore have given notice that they do not intend to pay any taxes until normal conditions return. To meet a similar situation several years ago the Municipal Council used the extra-legal method of shutting off the electric power and light service from all those who refused to pay taxes. This maneuver in most cases proved effective. The Council was able to do that several years ago because at that time it owned the electric light company, but as this has, in the meantime, been sold to an American company this method of coercion against recalcitrant Chinese residents will not be available for the Council at present. This refusal of the Chinese to pay taxes comes just at a time when the expenses of the Municipality have greatly increased. Not only have the Volunteers and Specials to be paid food allowances, but the enlisting of the large numbers of Russian guards, the building of barricades, barbed wire enclosures, sand bag emplacements and the many other outlays incidental to defending the Settlement have very materially increased the Municipality's expenses. Eventually the Council will doubtless hit upon some scheme of coercing the Chinese shopkeepers to pay, but, if so, such measures will probably, at the beginning at least, be the signal for rowdyism or other forms of disturbance. The Shanghai residents, both Chinese and foreign, will undoubtedly have something more serious than the booming or bursting of Chinese and Japanese shells and bombs to think about in the not distant future.

SHANGHAI SITUATION CAUSES WORLD CONCERN

WHILE the guns are booming in Shanghai verbal battles in connection with the Japanese incursion into Manchuria and Shanghai are being engaged in in various parts of the world. Dr. W. W. Yen, China's chief delegate to the League of Nations, is keeping that body on pins and needles from day to day threatening to invoke this or that Article of the League Covenant or demand a special meeting of the League Assembly. He has on one or two occasions had the stage all set for such a display of figurative fireworks when he was dissuaded from doing so at the urgent request of delegates from several important Powers represented on the League. Present indications are that Dr. Yen will eventually force the issue and when that happens Japan will withdraw from the League, in accordance with threats previously made. For the moment a dispute rages about Article XV, which China threatens to invoke against the strong protests of Japan. The almost daily dispatch of Japanese reinforcements to the Shanghai area is being watched with misgiving in various parts of the world. A *Reuter* telegram from London February 15 stated that British anxiety regarding the dangerous potentialities in Shanghai following the landing of Japanese troops in the Settlement is denoted by the flaming headlines under which the news was printed in the London newspapers. The Geneva correspondent of the *News Chronicle* said the situation is acknowledged to be not merely alarming but humiliating, particularly Japan's "outrageous" demand for the withdrawal of Chinese troops twenty miles distant. The Geneva correspondent discusses the possibility of withdrawal of ambassadors from Japan and says Britain is unable to take such action without a cabinet decision and that Sir John Simon's return to London is interpreted as evidence of a desire to have the fullest authority for any decision he would have to take when he returned to Geneva later in the week.

The *Manchester Guardian* and the London *Daily Herald* reiterate their demand for a firmer stand by the League regarding the Japanese offensive at Shanghai. The *Manchester Guardian* remarks that the only fact about the Far Eastern crisis that is absolutely clear is that there is a war in Shanghai where the Japanese are using the International Settlement as a base of operations despite official assurances that it would not be so used.

The telegrams from Washington frequently refer to the Japanese proposition for a neutral zone around Shanghai. This is a bait which is being dangled by the Japanese before the British, and also the Americans if they care to be inveigled, into a scheme to involving them into acquiesence in a plan to increase the areas of the Foreign Settlements, at a time when Chinese aspirations are set on abolishing them entirely. It would not be at all surprising if, and when, the Japanese clear the Chinese forces say ten or twenty miles beyond the Shanghai boundaries that the Japanese will make a proposition, first of all to America, that Japan is quite satisified to withdraw from the area on the understanding that say America and Britain or some other combination of Western nations agree to occupy this "neutral" zone. This is a proposition which would doubtless appeal to many local business men, particularly British and also Americans, but the net result of the acceptance of such a proposal by America—of which, according to statements made both in Washington and Shanghai by competent authorities there is no likelihood—and also by Britain, would eventually be that the present animosity which is being shown by the Chinese against the Japanese would be deflected to the Americans and British, while the Japanese would quietly go about mending their broken commercial fences. The wise attitude for America to adopt, and the one that it in all likelihood will adopt, is that if the Japanese forces care to withdraw, well and good, the quicker the better. but such withdrawal is to have no American strings attached to it. What America wants in

China is the "Open Door" for trade, not local areas under foreign flags which would be exploited mostly for the benefit of local traders, but which would not be in the interest of America's trade generally. If America were to accept or to take part in such a local "mandate" it would undoubtedly find itself in the same position in Shanghai as the French have found themselves in Syria, that is they would be involved in huge expenses which have brought them no trade whatever, but instead the intense hate of the residents over which the foreign flag has been kept flying against their wishes.

AMERICAN POLICY AND THE NEUTRAL ZONE SCHEME

IT was most gratifying that the American Government has let it be know in most definite terms that Washington is not interested in, or is lending support to the Japanese scheme for the creation of a so-called "neutral-zone" about Shanghai. The Japanese have done everything possible to create the impression among the Chinese that the American Government favors the creation of a neutral zone which would involve the use of force in compelling the Chinese to withdraw their army a certain distance from Shanghai. And, unfortunately to relate, other foreign interests involved in schemes for extending the borders of the foreign settlements, have also tried to create the impression that America was interested in the plan. In their efforts to extricate themselves from a serious predicament, comparable somewhat to a cat with its tail caught in a door, the Japanese have searched about to find means of involving the other Powers. First the Japanese claimed they were participating in the "defense" of the Settlements and one Japanese propagandist even suggested that Japan was defending western civilization and Christianity against Chinese chaos and bolshevism. The latest Japanese idea is that the Imperial Japanese Army is actually operating against Chinese communists in the Yangtsze Valley, hence Japan must receive the support of America and the other Powers. Japan's purpose in intervening at Shanghai is perfectly clear: Japan occupied Manchuria without much difficulty and established military control over that vast area, the ultimate object being annexation. But the devastating Chinese boycott of Japanese goods was threatening to spoil the Manchurian picture, hence the decision to intervene at Shanghai hoping thereby to intimidate the Chinese Government and put an end to the boycott. The story of the Japanese Navy's attempt at intervention at Shanghai does not require retelling here. Instead of putting over the military occupation of the Chapei section of Shanghai within four hours as the Japanese admiral expected, they had been engaged at the job for more than two weeks before the Imperial Japanese 9th Army Division arrived on the scene. The rest of the story is still to be told, but present indications point to a long-drawn out campaign, possibly lasting three or four months. In the meantime the Japanese propagandists, of whom there are more than a sufficiency in Shanghai, are exploring all possible means of involving the other Powers, particularly the United States.

ANOTHER ASSAULT ON AMERICAN CONSULAR OFFICIAL BY JAPANESE

ALONG with Chinese institutions of learning, libraries and cotton mills it would appear that American vice consuls have also been singled out for attack by the Japanese. The incident in which an American Vice Consul was roughly handled by Japanese at Mukden despite the fact that he carried and exhibited proper credentials will be fresh in the reader's memory. A similar incident has also occurred in Shanghai, the principal details of which have been made known here through a telegram from Washington, dated February 14, which stated that the American Secretary of State, Colonel Henry L. Stimson, had ordered a complete report of the incident in which Arthur Ringwalt, American Vice Consul at Shanghai, had been assaulted. The American State Department was reported as viewing it as the "gravest incident yet" in the Sino-Japanese crisis at Shanghai. The incident in question occurred on Wednesday, February 10, while Mr. Ringwalt was on an official mission, carrying his credentials, in the Japanese defence area at Shanghai. The assault was committed by armed Japanese civilians. Mrs. L. Young, a Chinese woman born in San Francisco holding American citizenship and whom Mr. Ringwalt was endeavoring to assist, was also assaulted. A protest on the Ringwalt case was lodged with Mr. M. Murai, the Japanese Consul-General in Shanghai, by Mr. Edwin S. Cunningham, the American Consul-General at Shanghai. Although accompanied by two Japanese, Mrs. Young and Mr. Ringwalt were set upon by half a dozen armed Japanese reservists, who refused to believe that Mrs. Young was an American. The object of the visit was to try to locate Mrs. Young's baby, which had been left with a servant in a house in Barchet road. Mrs. Young was seized and assaulted and when Mr. Ringwalt intervened he too was assaulted, being kicked and beaten. Eventually, Mr. Ringwalt was able to bring Mrs. Young back into the safety zone but they were unable to find Mrs. Young's baby.

An official communique by the Japanese Consulate-General issued Feb. 15 stated:

> Recently an unfortunate event took place in which Vice-Consul A. R. Ringwalt of the American Consultate-General was interfered with and subjected to rough handling by supposed members of the vigilant committee of Japanese nationality.
>
> Consul S. Iguchi, on behalf of Consul-General Murai went to the American Consulate-General and expressed deep regret and promised to try to locate the culprits, who, of course, would be punished in accordance with law.
>
> Investigations of the police authorities of the Japanese Consulate-General show the following circumstances: that Barchet Road, where the incident took place, is located very close to the line of action. In view of the fact that Chinese troops since the outbreak of hostilities have repeatedly made their counter-attacks upon the Japanese units stationed there, the street is almost completely deserted. It appears, also, that the members of so-called vigilant committee must have come from some other quarters and took upon themselves the responsibilities of guarding this section.

JAPANESE OCCUPY HARBIN—RUSSIAN PRESS SILENT

AMIDST the exciting events in the Shanghai area public attention has been somewhat deflected from Japanese operations in Manchuria. Japanese troops occupied Harbin February 6 and 7, the Manchu General Ting Chao, who had all along opposed the Japanese military in Manchuria, fleeing to Hulan. The main body of the Chinese forces at Harbin were bombed by Japanese airplanes as they retreated. Immediately after the Japanese occupation of Harbin, which was accomplished practically without resistance, traffic on the Chinese Eastern Railway between Changchun and Harbin was resumed. Although, as above mentioned, the actual occupation of Harbin, was accomplished with little fighting, the Chinese "bandits" (as they are termed by the Japanese) offered stout resistance during the preceding week. The Japanese admitted 26 killed and 65 wounded in the course of the operations around Harbin. The Japanese claimed to have killed a thousand of the "bandits" and taken prisoners as many more. In the meantime, telegrams from Moscow have commented on what they term the "ominous" silence of the Soviet press concerning events in Manchuria generally, and the occupation of Harbin in particular, the latter being the most important "contact" that the Japanese have so far made with Russian interests. The Russians are closely watching the situation at Vladivostock, against which the Japanese are suspected of having intentions. The news was only recently made public in Moscow that on January 17 two Japanese tried to penetrate the premises of the Far Eastern Works without permission. It was established that they tried to do so without disclosing their identity. When a Russian sentry detained them it was ascertained that the two men were connected with the Japanese Consulate in Vladivostock, one a secretary and the other a minor employee. The news as published at this late date in the Moscow papers laconically stated that "both were released after their identity was established." The attitude of the Soviet Government seems to be one of "watchful waiting."

ONE OF JAPAN'S BULWARKS—HUGE DEBTS TO AMERICA

THE telegrams from Tokyo during the past few days have indicated that Japan is preparing to send still more divisions of its army to Shanghai. Messages from New York last week gave the information that American bankers had set their faces against furnishing money either to Japan or to China for the purpose of carrying on a war. So far as as Japan is concerned the fact should not be lost sight of that one of the greatest bulwarks against active American interference in its audacious doings in the Far East is the huge sums which are owed by Japan to American bankers and American industrialists. Not only is the debt contracted by Japan during the Russo-Japanese War not yet paid for, as the retiring of the old bonds was accomplished by the simple process of floating new ones, but in the meantime a very considerable part of Japan's vast industrial machine, and to a large extent its war machine, has been built up on money borrowed from abroad, and this has mostly come from the United States. In the electrical industry alone Japan owes to American manufacturers about five hundred million gold dollars, and the Japanese find great difficulty in paying the interest on these debts owing to the depreciation in the value of the Japanese currency since the country went off the gold standard. Patriotic considerations form one phase of international conflicts; financial considerations supply another phase. Japan's present actions in the Far East have brought almost daily protests from the present Hoover administration directed to Japan, the latest being against the use by the Japanese of the Foreign Settlement as a base of operations against the Chinese. The flood of protests by the present Administration presented to Japan reminds one of the situation as it existed in 1915 when the Wilson administration was presenting notes to Germany. The Wilson notes were considered for a long time as being innocuous, but the day eventually came when the issuing of notes came to an end, and history has recorded the rest. It is not likely, in the present state of events, that Japan will flaunt American opinion by an act similar to that which Germany committed when it torpedoed the *Lusitania*, but undoubtedly there is a limit to which American protesting will go. Japan certainly has put America in a difficult position all round. The present adventure in China is a distinct defiance of America's cherished policy of the "Open Door." The money which America has furnished is being used by Japan in a policy aimed at, and so far with success, at shutting the "Open Door." Should relations between Japan and America ever become strained to the point where a war between the two countries became a matter for decision one way or the other, America will have to chose between smashing up a great deal of the securities for the debts owed to it by Japan or allowing the Japanese to go on in their swashbuckling career, the goal of which is, and the inevitable result of which will be, to close the "Open Door," a policy which for the past several decades has attained in American policy an importance equal to that attached to the Monroe Doctrine for more than a hundred years.

CHINA'S GREAT DANGER LIES WITHIN ITS OWN LINES

AS time goes on it is increasingly evident that if eventually China comes out the loser in its present contest with Japan it will be due as much to defeatist intrigue within the country as to the prowess of Japanese arms. In fact present indications are that if the Chinese will stick together—instead of carrying on intrigues against each other as they have been doing for many years past and which it is evident, are to a certain extent still being carried on—whatever initial Japanese successes may be achieved will not avail the Japanese in the end. The conquering of the whole Chinese army, if it is intelligently led and provided its various units cooperate to fight the Japanese instead of each other as there is great danger of their eventually doing unless certain tendencies to be noted in Chinese politics at present, are not deflected in a gen-

erally nation-wide patriotic direction, would prove a most difficult task for the Japanese. The Japanese aim in this part of China is, naturally, to repeat the same tactics that have so far been followed in Manchuria. The essence of the idea is by bribes, either of money or offers of preferred position, to have this, that or the other Chinese commander to turn traitor to his fellow commanders and "sell out" to the Japanese, thus making a real military conclusion unnecessary. The constant reiteration by the Japanese that the Chinese should show "sincerity" and that the Chinese troops around Shanghai should evacuate as a means to secure peace, and all the other points of the Japanese policy, seem to have as their motivation the possibility that they can repeat in the Shanghai area the same subversive tactics that have, at least for the present, won the day in Manchuria. It is to be credited to the glory of all Chinese commanders having anything to do with the defense of their country in this area that they have turned down all such Japanese intrigues. It is to be noted that not only is the 19th Route Army which is bearing the brunt of the Japanese attack mainly composed of Cantonese, but the various units that are being brought to assist them are also natives of Kwangtung province. *The Review* has no definite details of the intrigues that are going on within the Chinese lines themselves nor of the various inducements that are being dangled before various Chinese commanders by the Japanese, nor would it wish to publish them even if it had fully substantiated details of such intrigues, but there is sufficient external evidence to demonstrate in a general way that such intrigues are in progress, and this fact is recorded here how, mainly for the purpose of enabling the general public to evaluate the significance of future events as they unfold themselves.

AMERICAN COTTON IMPORTS STOPPED BY TROUBLES HERE

THE Japanese incursion into Shanghai has not only stopped practically all current or future business, but has played havoc with business transactions previously entered into, for which cargo has not yet been delivered, or payments made. Much of the cargo destined for Shanghai is being unloaded at Japanese ports or at Hongkong, and a great deal of this cargo under existing circumstances would not be taken up by the Chinese purchasers now even if it had been delivered here. The warehouses here are already clogged with cargo which in the ordinary course would have gone into consumption, but delivery of which is now being re fused by the consignees owing to the practical impossibility of moving it to interior points, or what is most important, to get payment for same. The native banks, of which the general foreign public hears little, are the really important bankers in the Shanghai business district and they have refused—in many cases are unable—to function. Contracts for many large enterprises and for dozens of different commodities from all parts of the world are held up as the result of this situation. The principal commodity so affected is American cotton, which is largely drawn on by the mills in Shanghai, it being mixed with Indian and Chinese cotton, both of the latter being of inferior quality. China is America's second best customer for cotton in the Far Eastern area, and one of the results of the Japanese military intervention in the Shanghai industrial district will be to bring an end to this trade. Cotton trade credits for many million gold dollars held by American importers handling raw cotton are uncollectible or "frozen," due to the refusal or inability of the Chinese Banks to pay cash against cotton purchases, with the result that American cotton sales to China averaging four million gold dollars monthly are temporarily paralyzed. According to local custom American cotton importers sell cotton to Chinese mills on ten days credit, receiving checks payable in cash through the native banks. The native banks, due to the financial stringency, are unable to meet their obligations and are now giving holders credits which are not convertible into cash, with the result that millowners are unable to pay cash for cotton delivered prior to or since the Sino-Japanese hostilities broke out. The American firm of Anderson, Clayton & Co., one of the largest cotton dealers in Shanghai, had sold about Mex $300,000 worth of cotton to the Wing On Mills prior to the outbreak of the Sino-Japanese trouble. The said cotton was stored in the Woosung mill of the Wing On Co., which was burned down as a result of Japanese artillery fire. Due to the high price of Indian cotton, American cotton practically had a clear field in China prior to the Sino-Japanese outbreak. During the past six months record quantities of American cotton were sold here. The imports here averaged about one hundred thousand bales monthly. From August 4 to February 6 China imported 820,000 bales of cotton, compared with 238,000 thousand bales during the same period last year. Chinese cotton mills had been the chief gainers from the anti-Japanese boycott and it has been alleged that the Japanese are making particular efforts to destroy the Chinese cotton-spinning and weaving industry for this reason.

WHEN WILL THE JAPANESE CALL A HALT?

THE present strength of the Imperial Japanese Army consists of seventeen divisions with approximately 220,840 officers and men, the officers numbering 15,540 and the men (including petty officers) 205,300. This figures out roughly at approximately 13,000 officers and men to a division figured on a peace-time basis. The Japanese now have five divisions in Manchuria, one in Tientsin and one at Shanghai, making seven divisions on Chinese soil. This means that out of Japan's standing army of 220,000 men, there now are more than 90,000 on Chinese soil, not counting the naval units of which there probably are 6,000 ashore at the present time. Then in addition to the troops on Chinese soil, the Japanese have three divisions in Korea and one in Formosa, the total number of troops now stationed outside of Japan proper being eleven divisions of approximately 143,000 officers and men, considerably more than half the standing army. No one would attempt to forecast what is likely to happen in connection with Japan's drive into the Yangtsze Valley, but if the campaign should by any chance develop as it has in Manchuria in the past four months, it obviously will require

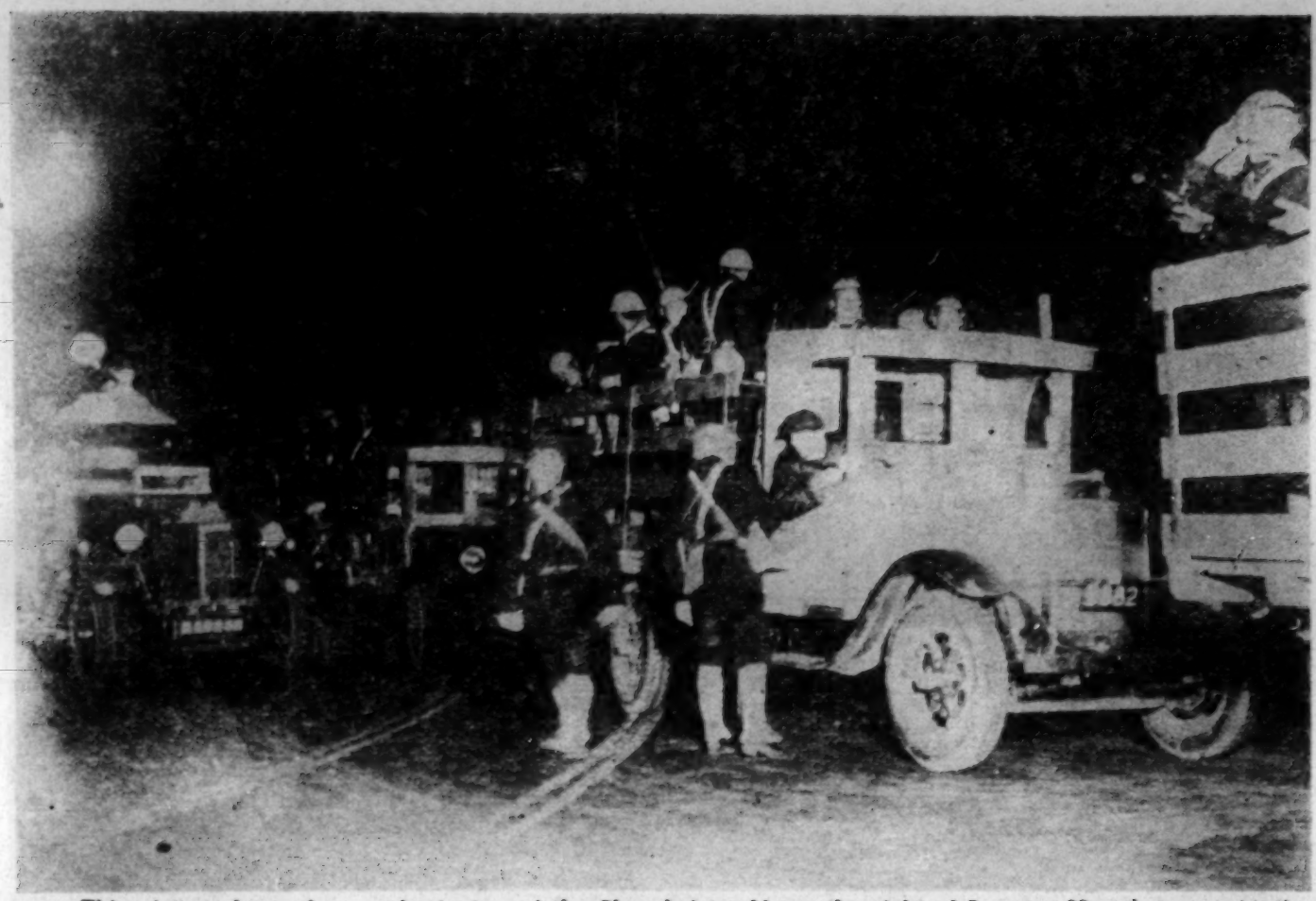
This Chinese soldier was killed along with 16 others when Japanese airplanes dropped a heavy bomb on a Chinese work train as the train was standing at the Chenju railway station. Eight cavalry horses in the car were killed. This same Japanese plane was shortly afterwards brought down by a Chinese anti-aircraft gun, and totally wrecked, the three Japanese aviators being killed and partly incinerated.

much more than the one division now here, despite the fact that the 9th division has been increased to full war strength with 18,000 or 20,000 men. One of the European military officers familiar with conditions in the Yangtsze Valley recently made the statement that the Japanese are likely to discover that one inch of ground in the Yangtsze will prove more costly than a mile of open Manchurian frontier. The important question is, how many more troops can Japan throw into China without causing a blow-up in Japan? Dispatches from Tokyo this week stated that the Cabinet had sanctioned another bond issue of Yen 34,000,000 to finance the Yangtsze Valley campaign. This means more taxes for an already over-burdened people in Japan and as for the Imperial Japanese Government, now barred from the foreign money markets, it must resort to dangerous inflation. Foreign military experts familiar with conditions in Japan declare the opinion that the Japanese military clique now in control of the Japanese Government cannot with safety transfer many more troops outside of the country without calling up the reservists. And when the reservists are called up from the towns and villages there are likely to be complications because reports are beginning to appear in the Japanese press of widespread social unrest, particularly in the agricultural districts. A report in one of the Osaka papers told of Japanese farmers selling their daughters in order to obtain rice-funds—familiar story of famine-harassed China. By appointing imperial princes to high positions in both the Army and Navy, the Japanese General Staff has temporarily blocked all serious criticism of either branch of the military establishment, but as stated this can only be a temporary measure and the lid is bound to blow off somewhere sometime. It is possible, of course that Japan may be able in time to completely conquer China, but the Japanese leaders must know that the cost would be too great for it would mean the ruination of Japan. Just now, at the beginning of the Yangtsze Valley campaign, Japan is in the position of a man being submerged in a morass of quick-sand. Up to the present the Japanese have spurned the suggestion of outside mediation of their complications with China, but one wonders whether the time is not approaching when Japan will be glad to avail herself of outside mediation—somewhat similar to the situation at the conclusion of the Russo-Japanese war when Japan asked for American assistance and at the Washington Conference when Japan invited America and Britain to "sit-in" on the settlement of the Shantung question.

Chinese mass meeting at Shanghai supports the 19th Route Army. The officers standing at the left are members of the staff of General Tsai Ting-kai.

Japanese Naval Attack on Liuho

Under the cover of heavy artillery bombardment, a Japanese landing force totalling 1,000 strong made a surprise attack upon the Chinese defences at Liuho on the night of Feb. 13 in an attempt to seize that point from Chinese hands. According to a report in the *Sin Wan Pao*, four small Japanese warships sailed into Liuho river mouth early in the afternoon of Feb. 12 and at about 8 o'clock in the evening they started to bombard the Chinese positions, while several parties of Jananese marines tried to land at the foreshore to launch an attack. The



This picture shows the very beginning of the Shanghai trouble on the night of January 28 and proves to the satisfaction of most persons that the Japanese advance into the Chinese territory was carefully arranged and premeditated. This picture was taken by a Japanese photographer.

A section of the devastated area in Chapei.—This picture was taken on one of the streets adjacent to the ruins of the Commercial Press. Approximately a mile square of territory in this once densely populated Chinese city has been destroyed as the result of air bombing, artillery fire and ensuing conflagrations.

THESE PICTURES, TAKEN BY MR. G. V. ALLEN, LOCAL SHANGHAI RESIDENT, SHOW THE SHANGHAI WAR SITUATION AS IT STANDS TODAY.

Upper left.—Italian Marine guarding crossing where Brenan road passes the Shanghai-Hangchow railway.

Left center.—The burning of the Odeon theatre, an American registered property, located on North Szechuen road extension.

Lower left.—This picture shows the bridge crossing Soochow creek at Thibet road, where some tens of thousands of Chinese refugees had congrergated.

Upper right.—This picture shows British barracks (left), and French barracks (right). This is the intersection of Avenue Joffre and Avenue Haig, where the French and International Settlements join.

Right center.—The corner of Jukong road and North Szechuen road extension, showing Japanese troops on the job.

Lower right.—Lewis machine guns on fortifications belonging to British troops on Great Western road at the Shanghai-Hangchow railway.

Chinese forces remained on the defensive and challenged the Japanese advance with machine gun fire. Heavy fighting between the Chinese and Japanese forces is reported to have continued for many hours up to last Sunday morning when Chinese reintorcements arrived and finally repulsed the Japanese landing parties. According to latest report from Liuho, the Japanese warships have sailed back to Woosung and the situation in Liuho town is quietening down.

19th Route Army to Receive Reinforcements from South

(Special to The China Weekly Review)

Hongkong, Feb. 15.—In order to reinforce the 19th Route Army in the defence of Shanghai against the Japanese armed invasion, Gen. Chen Chi-tang, Commander-in-Chief of Kwangtung Forces, has ordered the mobilization of 50,000 volunteers to be assisted by regular army troops under command of Gen. Yu Han-miao. They are to be immediately dispatched to Shanghai for service at the moment. It is understood that the Kwangtung Provincial Government has remitted another sum of $200,000 to the 19th Route Army Headquarters in Shanghai as a contribution towards the military fund.

Due to the persistent refusal of Dr. C. C, Wu to assume his office as Chairman of Kwangtung, reorganization of Kwangtung Provincial Government is imminent and Lin Yun-kai has been appointed chairman to succeed Dr. Wu. General Chen Chi-tang has dispatched another telegram to Hu Han-min, urging him to return to Canton to join the Kwangtung Government.

The Hongkong Tungwah Hopistal's subscription for the relief of Shanghai war refugees has reached the figure of $100,000, it is announced.

Japanese Bring Two Army Divisions to Shanghai

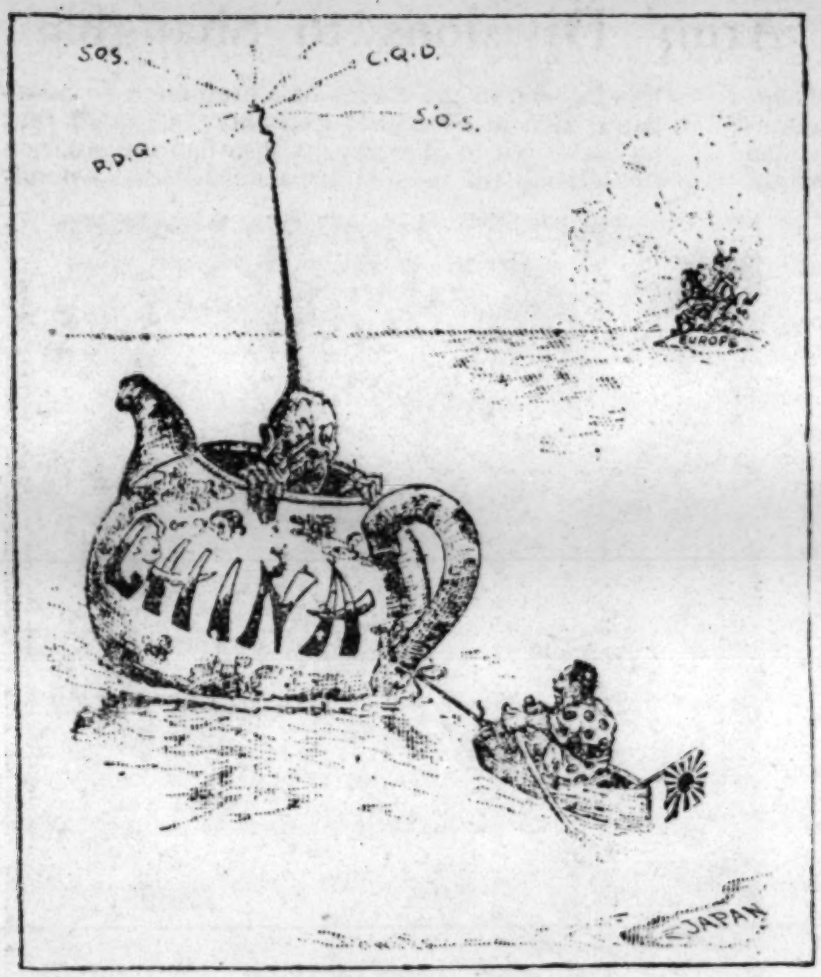
THE seriousness with which the Japanese Government views the operations against the Chinese in the Shanghai area is made evident by a number of apparently unimportant circumstances. All through the Manchurian adventure the Japanese post office functioned as usual, letters and newspapers arrived at and were dispatched from Japan in the ordinary course, as if nothing unusual were going on. But not so now. It is a significant fact that the mails have brought no newspapers from Japan since the date of January 29, that is the day following the night when the attempted seizure of Chapei proved a fizzle. The cocky little English-language Japanese paper at Dairen is also being held back by the Japanese postal authorities. Letters in and out of Japan are being censored or held up entirely. The newspapers in Japan were forbidden to give news of troops movements and it was only when the last man, gun, horse and box of ammunition of two divisions of the Japanese army had left the Japanese shores for Shanghai—not one, as had been previously announced would be sent to Shanghai—that the Japanese press ban on the movement of troops was lifted. The announcement that the ban had been lifted was contained in a dispatch from Tokyo February 14, which added that details concerning numbers were still being withheld. The last division to arrive here was the Kanazawa Division, which is stated to be partially mobilized. The first arrived division, the Kurume Division, is stated to be on a peace footing. There two divisions are both equipped with mountain artilledy carried by pack ponies. The ground around Shanghai is absolutely flat, but being of a soggy nature, the movement of artillery is a difficult task. The landscape is also traversed by numerous creeks. The equipment of the two divisions contains many horses, intended for use in carrying artillery, or moving it on the ground.

The Japanese army contingents in the Shanghai area are under the command of Lieut-Gen. Uyeda, who in the course of a statement to newspaper men at Shanghai February 14 stated that he had come to Shanghai with a definite solution for settling the present situation without wounding a single soldier. The "definite solution," as proposed by General Uyeda, was that all the Chinese soldiers in the Shanghai area should withdraw so far away from Shanghai that "their presece would not be a menace to the Settlement." In the event that the Chinese troops did not withdraw voluntarily the General added that "very strong measures would be taken."

One of the Japanese aviators who was brought down at Chenju by Chinese anti-aircraft guns, the plane landing almost in front of Gen. Tsai Ting-Kai's headquarters. Three Japanese aviators, a captain and two lieutenants were killed, the bodies being badly mangled in the wreckage caused by the exploding gasoline tank.

A group of employees of the Shanghai-Nanking railway standing in the wreckage of the Shanghai North station. The picture was taken by a group of foreign correspondents who entered the area a few days ago.

Details of one of the minor incidents which occurred at the Woosung creek at the beginning of the week, indicating that the Chinese troops had no intention of adopting the Japanese suggestion of withdrawing without a fight, were given by Capt. Kita, liaoson officer connected with Maj.-Gen. Shimomoto's headquarters at Changwahpang. Capt. Kita explained that after extreme gallantry on the part of several companies, the Japanese succeeded in crossing the waterway in the face of a regiment of Chinese troops. (It should be noted that the Japanese crossing of the creek was accomplished by means of a smoke screen laid by



EVERYBODY BUSY.

—Bowers in the Newark *Star*

The above appeared during the Great War, when Japan forced her Twenty-one Demands upon China, took Tsingtao, and was trying to take Shantung.—From a Correspondent.

airplanes). Having attained their outpost, their leader, Capt. T. Yamamoto was shot through the heart while making an observation. In spite of the loss of their leader, the Japanese infantry, supported by machine guns, advanced to a point within three miles southwest of Woosung village. According to a further report by Capt. Kita, the infantry intending to avenge the death of their leader, made a determined attack on the Chinese lines. After a sharp engagement, being met by a rain of machine gun fire they advanced in spite of the sternest opposition, forcing the Chinese to retreat. So far this is the Japanese version of the incident. The Chinese version, however, is that the Japanese were eventually forced back over the bridge which they had so carefully constructed under the cover of a smoke screen.

A truce from 8 a.m. to noon was observed February 12 so as to allow a rescue party organized by Major F. Hayley Bell and Father Jecquinot to enter Chinese territory northwest of the Shanghai North Railway station in order to rescue more than a thousand Chinese who had been entrapped between the Chinese and Japanese fires, living without food and under horrible conditions generally. The rescue work was successfully carried out. Several shots were fired during the truce by Chinese soldiers as a result of Japanese armed civilians attempting to enter the area without authority. The rescue workers were neither molested nor fired upon by any one. Sightseers were however strictly barred from the area unless provided with a Japanese military pass. North Szechuen Road extension, which is the property of the Shanghai Municipal Council, has been occupied by Japanese marine forces and armed Japanese civilians and traffic thereon is controlled by them and not by the Shanghai Municipal police. No one is allowed to enter this street without a Japanese military or Consular pass.

Sunday, February 13, was the quietest day since the "war" in the Shanghai area started on the night of January 28. Both sides spent the day in preparations. The Japanese were busily engaged in landing their troops and army equipment from the more than a dozen ships which had arrived from Japan during the previous few days. The Japanese ships passed the Woosung forts without being fired on. Air bombing operations by the Japanese during the previous week had probably destroyed the few heavy guns that the fort possessed. The forts in the meantime have been defended most vigorously by the Chinese equipped with machine guns. Frequent Japanese attempts to seize the forts by land

(Continued on page 385)

The Japanese Beetle

—Talburt in the Washington "Daily News."

How the Japanese Plan to Exploit Manchuria

BY A. A. R.

THE last gun in Manchuria is not yet fired, but the scramble for concessions is well on foot; the Japanese military authorities are being besieged by all sorts of fortune-seekers. Such was the gist of the report made by Mr. Teijiro Kawamura, one of the directors of Mitsui & Co., to the Board of Directors, just after his return from a trip in Manchuria. He visited all important centres of Manchuria, studying conditions and possibilities of a further investment, and, when visiting the Staff of the Kwantung Army, he was astonished to see it swarmed by all sorts of adventurers, seeking, through the Japanese military people, easy concessions from the new Manchurian Government. When in Manchuria, Mr. Kawamura is believed to have aired the views of Japanese capitalists on the future economic policy of Japan in Manchuria, stressing the desirability of giving them wider opportunities for investment, for which purposes the monopolistic position of the South Manchuria Railway Co. should—in his opinion—be curtailed.

It is not yet known along what lines the activities of the Mitsui House will be directed, but it is a fact that they have resolved to invest heavily in the country. At a recent meeting of its shareholders the Mitsui Bussan Kaisha, the mainstay and headquarters of the House, decided to reduce its dividend rate for the year 1931 from 8% to 6%, the accruing lump sum being put aside as a reserve fund for the Company's activities in Manchuria. The Mitsui Interests view the future activities of Japanese in Manchuria as divided between private capitalists and the S.M.R., giving the latter, besides pure railway business, the exploitation of mineral resources of the country in conjunction with the Showa Steel Works, now in project, but the construction of which is to be started immediately.

Although the Mitsui House is one of the major shareholders of the S.M.R. Co., it always viewed with apprehension the monopolistic tendency of the railway company, the activities of which have expanded in such a way as to endanger the position of private capital in Manchuria. This is especially true if one will take into account the vast interests the Mitsuis have in Manchuria; they control the soya bean, the soya bean oil and the soya bean cake exports, especially the latter item, the annual imports of which into Japan reach enormous figures. As one knows, these cakes are used as cattle feed and also as fertilizer.

Mr. Kawamura was especially outspoken against the spreading of the S.M.R. activities to such like fields, as farming and live-stock raising, which should, in his opinion, be given to private individuals to exploit. The S.M.R. might assist this industry by giving financial and technical aid to new settlers, presumably from Japan and Korea. When mentioning these activities of the railway company Mr. Kawamura alluded to the extensive farming and pasture owned by the S.M.R. Co., near Tungliao, in Eastern Mongolia, as well as to other farming enterprises in and out of the railway zone. These farms are going to be converted into experimental stations and as such will be supplying Japanese and Korean settlers with live stock, seeds and agricultural implements. Incidentally we might mention that an extensive farming enterprise of the Okuragumi, also near Tungliao, was several months ago raided by the Chinese irregulars and—according to reports—reduced to ashes, the occupants being rescued by airplanes, especially sent by the Japanese prior to the threatened attack.

Land Lease Question

The question of settling Manchuria by Japanese subjects is a crux of the present impasse. The Japanese claim that, by virtue of the treaty of May 25, 1915, embodying the so-called 21 Demands, their nationals have the right of leasing land in Manchuria, and consequently the country is open to the admittance of Japanese (and Korean) immigrants. This treaty has never been recognized by the Chinese Government, having been forced under the threat of military invasion and having had no ratification of the Chinese Parliament. Aside from the question of the validity of the treaty, its wording, as rendered in Chinese and Japanese texts thereof, allow various ways of interpretation. Thus Article 2 of it in Japanese stipulates that "the subjects of Japan shall be permitted in South Manchuria to lease land necessary either for erecting buildings for various commercial and industrial uses or for agricultural purposes," whereas the Chinese text says that Japanese subjects "may, by negotiations, lease land, etc." The disparity between the two texte is obvious.

Because of this diversity of opinions of both sides, each one trying to enforce his own interpretation of the treaty, troubles have been cropping up in rapid succession, each one ending in a near armed clash. As an example of this abnormal situation we might mention the so-called Sakahibara Farm Incident, which took place some three years ago, when the Japanese blocked up the Chinese railway line leading from Mukden to Peiling (the North Imperial Mausoleum), stationing the armed police on the spot. An armed clash would have been imminent had the Chinese side not rescinded its stand, referring the question to diplomatic channels for settlement. As we understand, the question was still pending when the Japanese enacted their coup on September 18, and is probably included in the 300 problems which they claim as being pending and which they mean to settle with the new Manchurian authorities.

There have been many troubles of a like nature, all culminating in the Wangpaoshan Affair of last summer, which served as a forerunner of the present occupation of Manchuria, having then attracted the public's attention within and without the country. We mention it just to tell that few persons now know that the incident has been settled by negotiations between the new Government of Kirin Province (under Gen. Hsi Hsia) and the Japanese Consul-General at Kirin, and the terms of settlement can hardly be called as upholding the dignity of China. As it has been reported, the Japanese have obtained the full recognition of their claim to rent the Chinese land for farming purposes. Consequently, the new colony of Koreans at Wangpaoshan is to remain as it was prior to the outbreak of the affair.

Japanese to Secure Leasing Rights

Besides this, the Japanese residents intend to obtain the right of lease in the Special District of the Three Eastern Provinces, too, or in the zone through which the Chinese Eastern Railway line runs. With that end in view the Japanese authorities at Harbin have approached the District Administrator, General Chang Chin--hui. Heretofore they have been denied these rights, and now it is more than probable that, after the occupation of Harbin by the Japanese Army and the inauguration of a new regime in Manchuria, these rights will be granted.

The taking up of the land lease question at this moment, when the country is not yet conquerred, shows that it is the Japanese intention to open Manchuria to the Japanese and Korean immigration, thus solving at a stroke the overpopulation problem that has been taxing their brains for these thirty years. A plan is on foot to transport from Japan Proper first the unemployed, who, though numbering something between 500,000 and 600,000, constitute a source of constant anxiety for the Government and the public. Several municipalities have already sent down special commissions to look into the possibilities of placing the unemployed on the Manchurian soil, creating there employment for them. Special attention is being paid to the future Korean immigration into Manchuria, which is to be encouraged by all means. As has been repeated now and again in the press, by so doing they make room for Japanese colonists in Korea, practically driving the Koreans away from their country into the adjoining Manchuria, less suited climatically and otherwise to the Japanese settlers.

In Manchuria Koreans will be engaged mainly in growing rice, of which Japan feels the extreme shortage. She is obliged to import about five millions koku of rice annually, or about 24,850,000 bushels (1 koku=4,9629 bushels). It is, therefore, hoped that Manchuria will be able to supply Japan Proper with its surplus of rice, in detriment of other rice producing countries, as French Indo-China, Siam, India, etc. Besides, Manchurian rice is considered far better in quality than the rice coming from the named countries.

The preparations for opening up Manchuria to the Japanese immigration are coming to an end. Mr.

Sugihara, President of the Oriental Development Co., an organization financing the Japanese colonization abroad, personally visited Manchuria. At the interview, granted to pressmen at Harbin, he said that, as soon as the military operations come to a close, his company will embark on greater activities in this country. "We have," he said, "enormous capital invested in Manchuria and Mongolia, and are going to invest more. Our activities will not be centred around agricultural projects alone; we will invest in other industries, too." The Ministry of Colonies is not behind others, either; it is opening a branch department right up in Mukden, one of the purposes of which is to encourage the settlement of Manchuria by Japanese subjects. Aside from this task, the new department will, as it is projected, have a control over the activities of the S.M.R. Co. and the Kwantung Governor-General, but it is too early yet to say whether it is possible or not; it depends upon the outcome of the manoevring of various groups in Tokyo, each one eager to be in control of Manchuria. Parenthically speaking, the military people have so far outshone the civilians—Lieut.-Gen. Honjo has his own economic department right up in his staff building. This department went so far as to call up a conference, dedicated to the opening of Manchuria and Eastern Mongolia to the Japanese activities—which measure would have, under usual conditions, been taken up by a civilian arm of the Government.

Dr. C. Shiba, director of the S.M.R., has worked out a plan whereby this railway is to dominate in the bean-oil industry. They claim to have invented a new method of extracting oil from soya beans by using alcohol, instead of benzine, which method they are going to use in Japanese controlled oil-mills. If the method turns out successful, it will enable the Japanese to dominate the bean-oil and bean cake industries to the serious detriment of foreign interests, e.g. the Anglo-Chinese Eastern Trading Co., a British concern in Harbin, the product of which is known to all housewives as the "Acetco."

Manchurian Currency to be "Pegged"

In the financial field are of special interest two schemes advanced by the Japanese with regard to the unification of Chinese currencies in Manchuria. The first, believed to have been sponsored by the War Office circles, recommends the introduction of the gold standard currency, presumably the gold yen. At any rate, the *Rengo* service has conveyed it in the following strain:—

> Tokyo, January 7 (*Rengo*). Various influential circles are now busily studying the problem of the currency that is to be adopted by the future independent Government of Manchuria. On this question the influential circles have advanced the following propositions:—
>
> (1) In view of the fact that 70% of the Manchurian trade is transacted on the basis of the gold currency, the future unified currency of Manchuria should be based on the gold standard.
>
> (2) If this project is adopted, the reserves of the Provincial Bank of the Three Eastern Provinces, which serve as a national treasury, should be kept in gold, that is to say, in the form of bullion, gold currencies or securities.
>
> (3) Various local paper currencies, now in circulation, should be redeemed against the new currency based on gold.

No attention has been paid to this dispatch, originating from Tokyo and transmitted by the official Japanese news service, yet a close study of it reveals great significance, namely, that it is the intention of promoters of this particular currency reform "to peg" the Manchurian currency to the gold yen in the same manner as Britishers have done with the Indian rupee. It means that the Manchurian treasury will have the gold yen notes as a reserve against its note issue, the bullion being kept somewhere down in Tokyo or Osaka in the cellars of the Bank of Japan. The adoption of this would mean a greater demand for the Japanese currency, which in turn will have a favorable effect upon the exchange rate of the yen to other foreign currencies. The project is quite timely in that the Japanese yen is now experiencing great difficulties due to various causes, and there is no likelihood of its appreciation, unless the Government finds out some rational ways and means to support it. The "pegging up" of the Manchurian currency is one of these ways and means.

Such being the ultimate aim of the influential circles of the Japanese Government, Manchurian currencies are to be unified first somehow, so the present day Manchurian leaders have been told to get busy with this task. The reorganized Board of Finance, having of course a lot of Japanese advisors, has sent out to all hsiens and towns all over Manchuria special emissaries to investigate the actual amount of all currencies now in circulation. In the meantime the Provincial Bank of the Three Eastern Provinces has bought, in conjunction with another semi-governmental bank, namely, the Frontier Bank, three millions ounces of silver, and has caused the Mukden Mint to turn same into silver dollars, preparatory to redeeming various paper currencies now held by the population. When the currency is more or less unified, they will come right up to the second stage of the program—to the actual "pegging" it up to the gold yen.

Foreign Exporters Menaced

When speaking of both the Provincial Bank of the Three Eastern Provinces and the Frontier Bank, originally Chinese banks, one should not lose sight of the fact that, at present, both the banks are controlled by the Japanese through the special emissaries attached to each bank under the name of advisors. So, it would not be a serious departure from the truth if one would consider them to be no longer Chinese banks, but—rather—as branches of the Bank of Chosen or the Yokohama Specie Bank. Furthermore, there is one aspect of the question, which requires being brought to light, namely, it is the Japanese intention to curb the activities of said two Chinese banks in produce lines. It means that the banks will not be subsidizing the export of Manchurian produce, as soya bean, wheat, etc., by Chinese exporters, who have in recent years been competing seriously with foreign and Japanese exporters. Thus, the Japanese exporters and amongst them the Mitsui Interests, will have a free field in the export business. Since the exportation of produce constitutes 75% of the entire exports of Manchuria the Japanese mean to control it exclusively. This will constitute a severe blow not only to Chinese exporters, who—by the way—went out of sight already, but primarily to foreign interests, like the mentioned Anglo-Chinese Eastern Trading Co. (a British concern), Louis Dreyfus & Co. (a French concern), the Exportkhleb (a Soviet concern), and others, which have successfully been competing with Japanese exporters. If one will add to this the system of discriminatory railway freight reduction that is being accorded to Japanese shippers, and which system will no doubt be applied on all Manchurian railways, inasmuch as they are already under the Japanese control, then the picture of the future Japanese domination in Manchuria will be fairly complete.

We have here purposedly omitted to deal with industrial projects, like the proposed iron and steel works, wool and cotton factories, development of coal and other mines, which subject deserves a special treatise. But the above is quite sufficient to give an idea as to how the Japanese mean to convert Manchuria into a playground for their activities, converting her into a sort of dependency very much along the lines which exist now between Great Britain and India. A student of international affairs would tell that the realization of all these plans would annul the principle of the "Open Door and Equal Opportunities" in Manchuria, that has been a guiding light in the last quarter of a century. The annullment of the said principle certainly it is, but it cannot be helped so long as Western Powers do not stand by it in an active way. The "Open Door" principle is going to be a dead sound; the time of its usefulness has passed; Manchuria is open to Japanese activities alone. This should be realized by all Westerners having interests in Manchuria.

Mukden, February 9, 1932.

Shanghai Cargo Being Landed in Other Ports

Although the large steamship lines, having passenger and mail ships running into Shanghai, are adhering to their regular schedules, the companies which operate only freighters are, in many cases, discharging cargo intended for Shanghai at both Hongkong and Kobe, and not here, both because of lack of storage space and lack of labor to load and unload the ships. Consignments of cargoes to local merchants are cluttering up the wharves and godowns and space has become extremely scarce.

Is Shanghai International Settlement Any Longer an "Island of Security"?

BY PAUL K. WHANG (汪仲芳)

EVER since Shanghai was opened to foreign trade as a Treaty Port in 1843, under the provisions of the Treaty of Nanking, the neutral character of the foreign settlement (which is now known as the International Settlement) has never been challenged on any occasion. In times of rebellion or civil war in China, when the disturbances have extended to the neighborhood of Shanghai, the authorities of the Settlement have mobilized all the available forces to maintain peace and order within the limits of the Settlement, and adopted an attitude of armed neutrality, as in the case of the Taiping Rebellion, the Revolution in 1911, the Kiangsu-Chekiang fight In 1924 and 1925, and the fall of Shanghai to the Nationalist forces in 1927. The neutrality of the Settlement was also respected in the past in times of international conflict, both in the case of wars between China and other Powers, and in the case of wars between any of the different Powers whose nationals form an important element in the foreign community of the Settlement. This neutrality appears to have been first formally recognized in the war between France and China in Tonkin in 1884-5. It was subsequently recognized by the different Powers concerned in the war between China and Japan in 1894-5, the war between Russia and Japan in 1904-5, and in the Great War in 1914-18. Being made a haven of peace and order, freed from the domestic disturbances and international conflicts, Shanghai has rapidly become the most important manufacturing and industrial centre in China. Thus Justice Feetham, in his report to the Shanghai Municipal Council, unhesitatingly said, "The great concentration of wealth and business activities in the Settlement and its immediate vicinity is mainly due to the fact that the Settlement is an island of security, protected from external violence, within the limits of which law and order are maintained, and personal rights, including rights of property, are respected and safeguarded."

Hongkew Turned Into No-Man's Land

For eighty-nine years, the Municipal Council has left no stone unturned to uphold the neutrality of the International Settlement, and has, therefore, successfully maintained the Settlement as an "island of security." So long as this neutrality can be kept intact, peace and order in the Settlement can not be endangered, and the interested foreign Powers can continue to rely upon that reason as an excuse to maintain the status quo of the Settlement. But the neutral character of the Settlement, which is very essential to peace and order within its limits, and which has been so far respected by China and other Powers, is, however, has no sanctity for the Japanese militarists, who, in the attempt to capture Chinese territory in Shanghai, have utilized the Hongkew section of the International Settlement as a base of operations. Since the night of January 28, the Hongkew district, the most prosperous and densely populated section of the Settlement, has been turned into a No-Man's Land, where Chinese people have been tortured and arrested by the Japanese marines and plainclothes men, and Chinese properties have been ransacked and burned to the ground by the Japanese rowdies. Those innocent and non-combatant Chinese citizens, who are living in that terror-stricken area, can not secure protection from the Municipal Council, because the Municipal police and fire brigade have stopped functioning in that district, where a reign of terror has been set up by Japanese plainclothes men and ronins. Furthermore, Japanese naval forces have used wharves in the Yangtszepoo district for landing troops, and constructed an airdrome right in the Settlement area. In face of these military activities and operations, the Municipal Council has so far not taken effective measures to uphold the neutrality by ousting the Japanese forces from its governed area, and to safeguard the life and property of its ratepayers. Thus the neutrality of the Settlement has been totally violated, and the "island of security" is no longer a reality.

Japanese Violate Neutrality of Settlement

It is true that the Japanese government is solely responsible for the violation of the neutrality of the International Settlement, as stated in Gen. Macnaghten's letter to the Mayor of Great Shanghai, but it can by no means absolve the Municipal Council of its responsibility entirely. Being fully informed as to the tense feeling prevailing among the Chinese and Japanese people, and the Japanese intention of occupying Chapei, the Defense Committee of the International Settlement, at the time of declaring the state of emergency on Jan. 28, should not have entrusted the responsibility of preserving peace and order in the Hongkew district to the Japanese forces, a district adjacent to the Chinese governed area. True, many Japanese are living in the district, but a far greater number of Chinese people are also living there. If the Japanese need protection, why not Chinese? Since it is a long known fact that the Japanese have assumed no friendly attitude toward the Chinese, the Municipal Council must, therefore, be responsible for leaving the Chinese people of that district under the mercy of the Japanese rowdies and without protection. Under this condition, we must be excused from charging the Municipal Council with partiality in assigning the Hongkew district as the Japanese defence sector, especially when the intention of the Japanese Naval Commander to take action in Shanghai was made known, so as to enable the Japanese forces to make use of the district as their base of operations. For eighty-nine years, the Municipal Council has faithfully maintained the neutrality of the Settlement. But in face of the Japanese military activities in the Settlement, the Municipal Council, besides making several protests to the commander of the Japanese naval forces, has carefully refrained from committing any action which may incur the displeasure of the Japanese militarists. Its inaction is tantamount to an admission of its inability to maintain the neutrality of the Settlement, and preserve peace and order within its limits.

Even with the arrival of the American and British forces, the Municipal Council has still maintained an attitude of indifference. In spite of the fact that the U. S. and the British governments have made several protests to the Japanese government against the Japanese war-like activities in the Settlement, and that the promise from the Japanese government that the International Settlement would not be used as a base for attack, the Hongkew district has been continuously occupied by the Japanese forces. The Defence Council of the International Settlement has also protested to the Japanese naval authorities against the flight of the Japanese airplanes over the Settlement and the continuous occupation of one section of the Settlement by the Japanese forces, but the Japanese airplanes still daily fly over the Settlement, and the municipal functions such as those of the fire brigade and the policing of the Hongkew district can not yet be restored. Protests alone can not curb the Japanese military activities in the Settlement, and strong action must be taken to bring the Japanese militarists to reason. The inaction on the part of the Municipal Council will seriously impair its prestige and lose the confidence of the Chinese people.

Chinese Observe Neutrality

So far the Chinese soldiers, the defenders of Chinese territory, have been very careful in observing the neutral position of the Settlement, and have been refrained from returning the Japanese fire with big guns. If the Chinese soldiers are as indiscreet as the Japanese forces in using their big guns, the Hongkew district will be instantly turned into a battlefield, and life and property in the section south of the Soochow creek will not be safe. But the Chinese soldiers can not be expected to be patient and not to retaliate by firing into Japanese positions all the time, when the Japanese forces continue to use the Hongkew district as a base of operations. Thus in Mayor Wu's letter of Feb. 8 to Mr. Edwin S. Cunningham, American Consul-general and senior consul of this city, he said, inter alia, "I feel constrained to address this last letter to remind you of my previous requests that the Shanghai Municipal Council be advised to take immediate action to stop the Japanese belligerence which has its starting point from the International Settlement, before the Chinese troops find it necessary, for self-protection, to launch an offensive to drive back the Japanese, in which case the Chinese government could not assume responsibility for any consequent damage."

The Municipal Council should realize that through its great mistake, thousands of innocent Chinese lives have already been lost and million dollars of Chinese properties have already been destroyed in the Hongkew district; and, in order to save the already bad situation, it should act immediately to stop the Japanese belligerance

(*Continued on page 379*)

Settlement's Neutrality Explained By Council

The following official statement of the position of the Shanghai Municipal Council was issued during the week.

As a great deal of misapprehension appears to exist in the public mind regarding the relations of the International Settlement with the various Powers at this most critical period, it is hoped that the following opinion to the Council by the Secretary General may be of some effect in clarifying the situation. Much of this misunderstanding is apparently mainly due to the difficulty which the ordinary resident naturally encounters in distinguishing between a neutral State and what may be termed a neutralized State.

The International Settlement is in no sense an Independent State, but it possesses certain unique characteristics which make it sufficiently analogous, in certain respects, to an Independent State to justify an attempt to explain what is meant in modern international law by the term "neutrality" and to distinguish clearly between a neutral and a neutralized State A State is neutral which chooses to take no part in a war. In other words it acts upon its own volition and not from outside influence or compulsion.

The term "neutrality" is of wider application. A condition of neutrality may be created, as it were, artificially, and the process has been called "neutralization."

States are neutralized either by convention or treaty, the term "convention" being used in the sense of tacit consent or practice based on such consent.

Immunity Guarantee

The objects intended to be achieved by the neutralization of a State may not always be wholly identical, but there is always one fundamental object to be achieved namely, a guarantee of immunity from encroachment and attack by neighbouring States for whose collective interests such an arrangement is considered to be on the whole expedient.

When States are thus neutralized it is not only preordained that such States are to abstain from taking part in a war into which their neighbours may enter, but it is also prearranged that such States are not themselves to become principals in a war.

Compensation for this restriction on the freedom of action of neutralized States is their guaranteed immunity from encroachment and attack by neighbouring States.

Belgium, Switzerland and Luxemburg are examples of States neutralized by treaty.

It wiil probably be freely admitted on all sides that successive Municipal Councils have faithfully adhered to the principle that the International Settlement is a neutral area, analogous to a neutral State, and have never involved the Settlement in wars or international complications arising between Powers whose nationals comprise a component part of the population of the Settlement.

Position Examined

An examination into the position of the International Settlement in respect to its possible status as a neutralized area, analogous to a neutralized State, is not so simple.

As already pointed out neutralized States can only be created by convention or treaty. It is doubtful if anyone can successfully contend that the International Settiement has been created a neutralized area by treaty between the various Powers or States having political or other interests in the Settlement. Whether or not it has been created a neutralized area by convention, or in other words by tacit consent or agreement or practice based on such consent or agreement on the part of these Powers and States, may be a question upon which the opinions of the respective Govrnments of these Powers and States may not be wholly unanimous.

If we assume for the sake of argument that the International Settlement is a neutralized area by convention between these Powers and States, then it is the duty of these Powers and States and not of the Shanghai Municipal Council to prevent by collective measures, if necessary, any breach of the neutrality of this area by the armed forces of any country.

Status of Foreign Troops

Closely related with the complicated problem of the neutrality of the Settlement is the question of the status of the foreign troops sent to Shanghai by their respective Governments.

The foreign community of the Settlement from the early days of its existence has claimed, under "the law of self preservation," the right to protect itself against dangers of attack from without, as well as against disorder within its borders, and has always maintained an attitude of armed neutrality in Chiniese civil wars in the course of which the political and territorial integrity of the Settlement have been placed in jeopardy.

On various occasions when the local military and police forces of the Settlement have not been adequate to protect it against military or mob aggression on the part of any Chinese political or military party or faction, it has requested and secured the aid of the naval and military forces of certain Foreign Powers.

Ostensibly the landing in the Settlement of the naval and military forces of some of the Foreign Powers has been for the purpose of protecting the lives and property of their respective nationals. In practice, however, it has been found that the protection of their respective nationals could best be accomplished by concerted or combined action of the various foreign forces under a prearranged scheme or plan of defence embracing the whole Settlement, and under a unified direction likewise arranged by the consent of the various commanding officers of national units.

Defensive Measures

Under these circumstances it can hardly be denied that certain Foreign Powers at least, by convention have created and maintained a condition of neutrality of the International Settlement as against any acts of force or aggrandizement on the part of the Chinese Government group or faction, tending to impair or destroy the political or territorial integrity of the Settlement. Whether this condition of neutrality extends beyond this may be a moot question.

This qualified neutral condition of the Settlement has been created and maintained solely for defensive purposes and never for offensive purposes against China or any other Power.

Some months prior to the declaration of a State of Emergency by the Council on January 28, 1932, the commanding officers of the foreign forces stationed in Shanghai including the Japanese commander, had agreed upon a scheme or plan of defence of the Settlement of a purely defensive nature, and which never contemplated that concurrently with its coming into operation a virtual state of war might exist between China and Japan.

Under this plan the perimeter of the Settlement was divided into sectors and each national unit was allocated to a designated sector for the defence of which each unit was separately responsible.

As the Japanese forces had been sent to Shanghai for the protection of their nationals, it was only natural that the Japanese commander would expect the Northern sector to be allotted to the Japanese unit because of the large number of Japanese residents and extensive Japanese interests located in the Northern area.

Allotment Responsibility

The Municipal Council were in no way responsible for the allotment of the various national units to their particular sectors.

The Japanese unit was allotted to the Northern sector purely for defensive measures, for the protection of the Settlement as a whole, on exactly the same basis as other sectors were allotted to other national units, and if anything has been done by the Japanese unit in excess of the purely defensive measures contemplated by the defence plan this is something for which neither the Settlement authorities nor the commanders of the other national units can be held responsible.

In this connection it should also be borne in mind that the Municipal Council has no authority or control whatever over the international forces of the Foreign Powers, and is in no way responsible for their acts, and that these forces are not in any way directly responsible to the Municipal Council, but are solely responsible to their respective Governments.

How Effective Is China's Boycott Against Japan?

BY LOWE CHUAN-HUA

IMPOVERISHED by civil strife and unprepared to defend her sovereign rights by force, China has frequently used the boycott as her only measure of retaliation. Since the beginning of the present century no less than eight boycotts have been staged by the Chinese people in reply to various forms of Japanese aggrandizement. Optimists are never weary of preaching that with the application of the economic weapon, China can actually drive Japan into the abyss of economic downfall. Pessimists, on the other hand, have warned us time and again that although the boycott can wreck Japanese trade temporarily, it is nevertheless a double-edged weapon and that whatever political or diplomatic victory we may exact from Japan, it is hardly commensurate with the sacrifices we ourselves have to bear as a consequence of the severance of economic relations between the two countries. Whether or not the boycott is an effective check against Japan's aggressive designs, few can tell. Is it not time, then, to make a dispassionate appraisal of the different anti-Japanese boycotts carried out so far, and to search for better tactics, more rigorous methods of organization and more specific targets if our enforcement of this economic instrument is to be made really fruitful?

Japanese publicists invariably emphasize that in China their country holds a position of paramount importance. Such statements are not entirely unfounded, for according to Prof. C. F. Remer's study, Japan enjoyed 25.4% of China's foreign trade in 1929. Of the total number of foreign firms in China that year, Japan had 4,792 or 58.4%. Of the total shipping in China in the same period, Japan took 27.4%. Japan holds G$230,000,000 of the foreign obligations of the Chinese Government, which is 31.8% of the total amount. Of the foreign business investments in China, Japan ranks only second to Great Britain, holding G$923,000,000 or 34.6.% of the total figure. If we take both the business investments and the holdings of the Chinese Government obligations together, the total for Japan would be G$1,153,000,000 or about 35% of all the foreign investments in China.

Japan, moreover, attaches special significance to her China trade which, owing to frequent political controversies between the two parties, has not enjoyed any remarkable increase for the last two decades. Japan's trade balances with China, however, have been consistently favorable.

According to a table prepared by the Research Department of the Bank of China, Japan's trade with China from 1912 to 1930 is a follows:—

Year	Imports from Japan	Exports to Japan	Import Excess
1912	91,016,652 Hk. Tls.	56,769,550Hk.Tls.	34,247,102
1913	119,346,662	66,871,832	52,474,830
1914	120,687,059	65,144,280	55,542,279
1915	120,249,514	83,426,550	36,822,964
1916	160,490,720	118,310,292	42,180,428
1917	221,666,891	112,138,213	109,528,878
1918	238,858,578	170,643,800	68,214,778
1919	246,940,997	201,003,238	45,937,759
1920	229,135,866	149,819,494	79,316,372
1921	210,359,237	178,406,487	31,952,750
1922	231,428,885	164,997,734	66,431,151
1923	211,024,294	204,322,760	6,701,537
1924	234,761,863	206,146,643	28,615,220
1925	299,755,611	189,847,125	109,908,486
1926	336,909,441	217,098,884	119,810,557
1927	293,793,760	214,609,273	79,184,487
1928	319,293,439	231,935,487	87,357,952
1929	323,141,662	260,494,640	62,647,022
1930	327,164,867	221,416,920	105,747,947

As mentioned in the opening paragraph, Japan has suffered no less than eight boycotts from China since the advent of the nineteenth century. The following list gives the years the different boycotts started, their causes and duration, and the approximate losses to Japan:—

List of Boycotts Conducted by China Against Japan*

Number	Yr. Started	Cause	Duration	Approximate Loss to Japan
First Boycott	1908	Tatsu Maru dispute	9 months	G.$13,300,000
Second ,,	1909	Railway dispute in Manchuria		Not serious
Third ,,	1915	Twenty-one Demands	6 months	G.$17.900,000
Fourth ,,	1919	Shantung Issue	Throughout to 1922-21	G.$29,155,000
Fifth ,,	1921	Reopening of Shantung controversy	Through out 1921-22	G.$86,961,000
Sixth ,,	1923	Lease of Kwangtung	8 months	G.$34,498,500
Seventh ,,	1925	May 30th Incident	Very brief	Unknown
Eighth ,,	1927	Landing of troops at Tsingtao and Tsinan	Till 1929	G.$39,325,000
Ninth ,,	1931	Seizure of Mukden on Sept. 18		

Another source of information testifying the effects of China's boycotts against Japan may be found in the data collected by the Ministry of Finance of the Japanese Government. The decline of Japan's export trade with China as a result of the different boycotts, according to the said Ministry, is given below:—

Year	No. of Boycott	Total Value of Exports	Amount of Decline
1907	First Boycott	130,000,000 Yen	
1908	Second ,,	100,000,000	30,000,000 Yen
1909		110,000,000	
1910		130,000,000	
1911		130,000,000	
1912		170,000,000	
1913		220,000,000	
1914		210,000,000	
1915	Third ,,	190,000,000	20,000,000
1916		160,000,000	30,000,000
1917		440,000,000	
1918		550,000,000	
1919	Fourth ,,	660,000,000	
1920		600,000,000	
1921		430,000,000	
1922		470,000,000	
1923	Fifth ,,	400,000,000	70,000,000
1924		500,000,000	
1925	Sixth ,,	640,000,000	
1926		530,000,000	
1927	Seventh ,,	490,000,000	40,000,000
1928	Eighth ,,	540,000,000	
1929		410,000,000	
1931	Ninth ,,		

It should be explained that as a result of the first boycott, the value of Japan's exports to China showed a drop of Yen 30,000,000; but the decline caused by the second boycott was not very noticeable. Compared with the 1907 figure, the decrease in exports to China in 1909 was Yen 20,000,000. In both 1910 and 1911 Japan's export trade with China returned to normalcy. The drop in the third boycott, caused by the notorious Twenty-one Demands, was comparatively serious. In 1919 Japan's exports to China showed a phenomenal increase; this was due to the rise in prices rather than to any substantial growth in trade. The damage done by the fifth boycott was quite enormous, while the decline in trade from 1925-27 should be attributed to the unsettled condition all over China brought about by the Nationalist Revolution.

Having reviewed the achievements of the previous boycotts, let us see to what extent the present one is ruining Japan's economic position in China. It is a well-known fact that Japan's chief economic interests in China are placed 1. in Manchuria, 2. in shipping, 3. in the textile industry, and 4. in the export trade with China. Leaving the position of Manchuria to the closing section of this paper, let us now find out the effects of the present boycott upon Japanese shipping, their cotton industry, and their export trade with China. In doing so, we can merely present fragmentary evidences which should not be accepted without reserve.

According to press reports, the two shipping concerns that are hit worst are the Nishin Kisen Kaisha and the Nippon Yusen Kaisha. In the January 10th issue of the *China Press*, we learn that the N. Y. K. had its worst year in 1931 for the last five-year-period so far as freight

*Note: This table is prepared on the basis of Dorothy J. Orchard's article on China's Use of the Boycott as a Political Weapon in the *Annals of the American Academy of Political and Social Science*, November, 1930.

transporation between China and Japan was concerned. During 1931 the N. Y. K. vessels carried only 348,141 tons of goods from Japan to China, which was 107,100 tons less than the total for 1929.

Figures for the last six years stand as follows:

1926	469,317 tons
1927	414,790
1928	491,961
1929	511,395
1930	455,954
1931	348,141

The N. K. K. has also slashed its working schedules. The number of round trips made by all of its steamers between Hankow and Shanghai, for instance, has been reduced from a normal rate of 24-27 trips per month to about 10 or even less in November last. The loss to the said company was estimated at $300,000 silver per month, as each round trip was supposed to reap a profit of about $10,000.

The depression in Japanese shipping may be also seen from the tonnage of vessels that are tied up in Japanese docks. The number of Japanese ships laid idle by the end of November last, according to a Rengo report from Tokyo, is a follows:—

Companies	No. of Ships	Tonnage
N. Y. K.	19	134,286
Crab canning	27	81,384
Kwangtung Administration	6	22,036
Others	57	176,411
Totals	109	414,120

Besides, other Japanese freight lines like the O. S. K., the Kawasaki Kisen Kaisha, the Kokusai Kisen Kaisha, etc. have lost considerable business during the last year. British, American, Norwegian and other foreign shipping companies have steadily invaded the territory formerly occupied by the Japanese as the Chinese boycott becomes more intensive.

The next important Japanese investment in China proper lies in the textile industry. According to the list of cotton mills in China prepared by the Chinese Cotton Mill-owners' Association in 1931, Japanese influence in this field has been augmented considerably during the last five years:—

Year	No. of Spindles in Chinese Mills	Japanese Mills	British Mills	Total No. of Spindles
1927	2,032,588	1,302,676	205,320	3,540,584
1928	2,113,528	1,397,272	153,320	3,664,120
1929	——	——	——	——
1930	2,326,872	1.489,360	153,320	3,969,552
1931	2,402,674	1,630,436	177,228	4,210,338

There are altogether 49 Japanese-owned cotton mills in China, including 4 in Manchuria. The total amount of Japanese investment in this industry is estimated at G$37,500,000. Although the Chinese mills have 2,402,674 spindles, the Japanese really dominate the textile industry in the country because of their stronger organization, larger capital and greater control of markets and sources of raw materials.

In Shanghai alone there are 34 Japanese mills, which are responsible for about 40% of the cotton yarn and cotton piece goods produced in China. According to an investigation made by Mr. Alfred L. Meyer for the *Shanghai Evening Post* in the early part of November last, no less than Tls. 2,000,000 in gross profits a month has been taken by the boycott from the Japanese mill-owners. Most of the Japaness mills are now curtailing their production by about 25% while in Hankow, Tsingtao and Shanghai a number of them were recently forced to close their doors.

In order to minimize the losses caused by the boycott, the Japanese have tried to ship cotton goods stocked in Shanghai to Manchuria, the Dutch East Indies and British India. However, Japanese spinners in Manchuria are already beginning to feel the effects of such dumping, and prices for cotton goods in that region have dropped by about 15% by the close of last year. Cotton yarn and cotton cloths exported from Shanghai to Dairen during the months of September, October and November last, as compared with figures for the corresponding perid of 1930, are as follows:—

Cotton Yarn	1930	1931
September	220 bales	419 bales
October	132	1,146
November	42	2,750
Totals	394	4,315
Cotton Cloths	1930	1931
September	782 bales	813 bales
October	547	418
November	230	1,190
Totals	1,559	2,421

It should be remembered that the boycott against the Japanese cotton industry in China has at the same time endangered the security of the employment situation. In Shanghai alone, no less than 60,000 Chinese workers and about 2,000 Japanese employees rely upon the Japanese mills for maintaining their living. On the average the monthly wage for a Chinese worker in these mills is about $20.00 silver, and so the financial loss would be immense if once the Japanese cotton mills decide to close up altogether.

Cotton goods imported from Japan have also shown a remarkable decrease. During September last the total amount of cotton cloths imported from Japan was valued at $1,763,000 silver, which meant a decrease of $5,220,000 as compared with the total value of such products imported from Japan during the previous month, according to Japanese dealers in Shanghai. For the port of Hongkong alone, the decrease in the value of Japanese cotton goods for September last amounted to $69,000 silver. Another effect is that the boycott has boomed Chinese production. The income from the consolidated tax on national goods has increased by more than $2,000,000 silver per month for the past few months, according to statistics revealed by the Consolidated Tax Bureau. For cotton and linen goods, matches, flour and cigarettes the total of consolidated tax collected for September last amounted to $7,660,000 silver, which marks an average increase of over $2,000,000 as compared with the totals collected during the previous months.

The damage upon other Japanese enterprises in China deserves equal attention. In addition to their stakes in the textile industry, the Japanese have invested considerable sums of money in such businesses as tobacco factories, chemical works, egg-drying, oil-refining, rice-cleaning, match-manufacturing, printing and food supplies. Because of the lack of orders from Chinese sources thousands of Japanese in China have been thrown out of work. Petitions have been forwarded to the Tokyo Government for a loan of Yen 8,000,000 to Yen 10,000,000 with low interest so as to enable the Japanese small industries in Shanghai to tide over their present financial predicament.

The third important loss caused by the boycott may be found in Japan's export trade with China. According to the United Press despatch from Tokyo on January 15, a total trade loss of Yen 97,534,000 was sustained by Japan in 1931 as a result of the vigorous boycott against Japanese goods in China. According to figures released by the Japanese Ministry of Finance, during 1931 Japan exported to China, including the Liaotung pennisula and Hongkong, goods valued at 285,046,000 Yen as against goods valued at 403,287,000 Yen during the previous year. The decrease in Japanese exports to China during 1931 amounted to 36%. In 1931 Japan imported from China goods valued at 236,201,000 Yen as against goods valued at 283,850,000 Yen in 1930. The Japanese imports from China in 1931 declined in the amount of 17%. In 1931 Japan had a favorable balance of trade with China of 21,843,000 Yen as against 119,377,000 Yen in 1930. Thus, Japan's favorable balance of trade with China decreased in the amount of 82%. Such then are the effects of the boycott upon Japan's export trade with China.

Now, let us consider the position that Manchuria holds in Japan's economic life. How much are the Three Eastern Provinces worth to Japan? Are the losses incurred by the present boycott too high a price for Japan to pay? Manchuria, we understand, has a coal reserve of 1,200,000,000 tons, an iron deposit of 400,000,000 tons, 150,000,000,000 cubic feet of lumber and a sufficient quantity of agricultural produce to support a population of of 100,000,000. According to Prof. Arthur Holcomb, the total foreign trade of Manchuria in 1929 amounted to over G.$540,000,000, of which G.$216,000,000 was with Japan. Of her total trade with China in 1931, Japan's exports to Manchuria and imports from that region share respectively 33% and 58%, the average of both being 46%. Japan's investments in Manchuria amounted to Yen 1,500,000,000 according to figures given out by the South Manchuria Railway in 1927. Prof. Holcomb states that the total Japanese investments in Manchuria in 1930 amounts to about G$830,000,000. With fabulously rich resources and unlimited possibilities of economic development, Manchuria can probably make up what Japan is sacrificing in other parts of China. While we are measuring the effectiveness of the boycott, we must not forget that Japan's losses (whether they are in the cotton industry, or in shipping or in exports to China) during the last decade or two have not been entirely due to the rise of nationalism or the rigidity of our boycott movement. Other downward forces such as natural disasters, political disturbances, the silver slump, rise in

commodity prices, adoption of Customs gold units, increase in tariff rates and the general trade depression have also worked havoc in our economic relations with Japan. It is, therefore, not an easy task to determine how much damage our boycotts have really done to Japan's economic influence in the Far East. It is perhaps correct to suggest that our use of the economic weapon has affected Japan's trade quite adversely, but such application has hardly been perfected to the extent that it can actually paralyse Japan's economic structure. To deal a deadly blow to Japan's economic life, it is necessary to develop in our boycotting programs far better coordination, more definite targets and much more perseverance than what we have shown so far. What the Cantonese once did to the island of Hongkong should be repeated with Japan on a larger scale. At the same time must bear in mind that our boycott can hardly become strong enough to bring Japan to her senses if we do not have the cooperation of the other Powers, particularly the United States. As illustrated in the following table, the United States is a far more important customer to Japan than China is:—

	Japan's Exports to U. S. A.	Japan's Exports* to China
1929	G.$431,900.000	G.$206,810,663
1930	279,100,000	150,495,838

Of Japan's total foreign trade about 36% is with the United States. About 97% of Japan's principal export, raw silk, goes to the United States. In return Japan receives from the United States about 40% of the raw cotton that is consumed by the Japanese cotton industry. Trade relationships between Japan and the United States, therefore are much more intimate and will become very delicate and important issues in case of any economic warfare between the two nations. Can we defeat Japan with our boycott? The answer is: "No, not until the United States can be induced to join the game."

*Note: According to the Research Department of the Bank of China, the conversion rates of the Haikwan tael in 1929 was G$0.64 and in 1930 it was G$0.46 For figures of Japanese exports to China for the above two years see table on page 3.

Shanghai, Feb. 13, 1932.

Japanese Seize Chinese Pastor—Not Heard of Since

In an open letter to Vice-Admiral Nomura, Japanese Commander-in-Chief of the naval and military forces at Shanghai, Messrs. L. C. Niu, T. C. Yang, F. M. Fok, and S. K. Ing, members of the Fitch Memorial Church in Darroch Road, Shanghai, relate how on the afternoon of Jan. 29, about four o'clock in the afternoon, a Japanese marine patrol, numbering about 50, rattled the iron gate at the front of the Church courtyard, demanding admission. Immediately upon entering the manse, where a small group of thirty, mostly women and children, was assembled, the officer in charge of the squad demanded to be told where the teachers and students of the School, conducted in the Church adjoining, were. He was informed that the students and teachers had gone to their homes, as the school was a Day School and closed for the winter vacation. When asked who was in charge of the property, the pastor, the Rev. Tsiang Z-Zu, immediately stepped forward and stated that he was the pastor. The marine officer then insisted that there were bombs hidden on the property. A search was made but no bombs or weapons of any description were found either on the property or on the persons of the group. The Japanese officer then separated from the rest of the group, the pastor and his wife and son, his nephew and his secretary and two servants, comprising his entire family, excepting his little daughter of nine, who was playing in the kindergarten adjoining, entirely unconscious of the tragedy enacted in the manse. The remaining twenty-two were then commanded to confine themselves to the manse and under no circumstances were to look out of the window or attempt to leave the property. The Marines then turned their attention to the pastor, Mr. Tsiang, beating him in the face and prodding him with the bayonet. Then they turned toward his wife and beat her repeatedly over the thighs with the butt of their rifles until she collapsed on the floor. They then bound the hands of all seven behind their backs and marched them off. Since then all efforts have failed to secure any information from the Japanese Consulate or through any other agency as to their whereabouts or fate, though more than two weeks have elapsed.

Should China Arm or Disarm?

To the Editor, *The China Weekly Review*:—

In your issue of Jan. 2 I note a statement that China has selected delegates to represent her at the forthcoming World's Disarmament Conference to be held at Geneva.

I am sure this statement will cause surprise to not a few. China at this juncture should make serious attempts to arm herself, in order to assert her rights, instead of disarming.

The present sorry state of Manchuria would not have taken place if China had been armed. Japan would have thought twice before attempting to ride the high horse in Manchuria as she is doing now. Her 'National Fortune Teller' would not have talked "shop" when he predicted that Japanese troops would be like tigers in their engagements with Chinese soldiers.

It is because China has not been armed to the extent she should, that little Japan, with a population about equal to Szechwan province, has dealt this Manchurian blow below the belt.

Japan's occupation of Chinese territory on the excuse that a portion of the South Manchurian railway track had been destroyed by Chinese soldiers, and the murder of Captain Nakamura, who was travelling in the interior of China under a faked passport and who was nothing else but a military spy, should be an eye-opener to the Government authorities.

China instead of going to the expense of sending delegates, which she can ill afford, should wake up to her present danger. The huge expenditure of sending these delegates could be better utilized to look after her poor flood victims. China as she is will command little hearing about disarming from her powerful friends.

If China had been able to back her arguments with a First-class Navy, and an army with modern military equipment, the observance of the sanctity of treaties would have been put up to Japan, and to-day China would undoubtedly see her flag flying over Liaotung Leased Territory, and probably have administration of the South Manchuria Railway in her hands, as the treaties relating to these have long since expired.

The South Manchurian Railway, it must be remembered was built with Russian and Chinese Capital, but because Russia lost her War with Japan, this Railway had to be handed over to her. Japan never took the trouble to enquire about Chinese rights or to compensate the poor Chinese, because China was too impotent to stand up and display her mailed fist like Japan.

China should disarm her present military and naval equipment, as they are only fit for use to maintain law and order, but unsuitable to defend herself with against outside aggressors. She must arm herself with modern weapons if she wants her friends to respect her treaties with her.

China's painful experience at the hands of the League of Nations should serve as a good lesson to her. That august body after long and expensive deliberations seemed to have accomplished nothing, except to ask China to make a present of Manchuria to Japan, as the League's constant request to China to withdraw her troops from her own territory show too plainly. It is a case of everyone for himself and the devil mind his own.

QUAH HUO CHEONG.

Tavoy, Lower Burma, Jan. 23, 1932.

Japanese Bomb Flood Refugee Camp--- Kill 50 Innocent People

Sir John Hope Simpson, chairman of the China Flood Relief Commission, last week lodged with the Japanese Consul-General a strong protest against three distinct bombings of a Flood Refugee Camp on the extreme borders of Chapei on Lin Jing Road, two miles North West of the Railway (North) Station, and more than a mile from the Shanghai Nanking Railway. A camp numbering 10,399 refugees and a staff of 49 was bombed first on February 5. A woman and a boy were killed, four wounded, and several patients in the hospital died of fright. Fortunately the Camp did not catch fire, but the refugees fled, leaving in the Camp only a few hundred refugees, either sick or aged. On February 6 Japanese planes again bombed the flood relief camp. After the bombardment 48 dead were found in the camp, most of whom had been patients in the hospital. Yet a third bombing raid took place on February 7, and the remaining refugees, about 20 in number were evacuated. As the relieving party was about to leave, about 3 o'clock, the planes returned and dropped a bomb which damaged a house beside the camp.

China's Position on Sino-Japanese Issue

The Chinese Government on February 12 issued the following statement on its position in regard to the outstanding issues between China and Japan. The statement was telegraphed to the League of Nations at Geneva and to Paris, London and Washington.

With full realization of its responsibility to the civilized world and willingness to submit the accuracy of these statements to impartial international inquiry and adjudication, the National Government of the Republic of China presents the following summary of the Sino-Japanese imbroglio from its inception:—

At no time since the Russo-Japanese War has the Chinese Government doubted the purpose of Japan to seize Manchuria whenever an opportune occasion arose. At the conclusion of the Russo-Japanese War, which was fought chiefly on China's soil against China's protests, Japan put strong pressure on China to implement Japan's gains from Russia and to grant Japan additional special privileges impairing China's sovereignty and contravening the 'Open Door' policy in Manchuria. China resisted these demands to the utmost of her ability.

When the World War arose Japan took advantage of the preoccupation of the Powers and China's military weakness to present the Twenty-One Demands which, if conceded, would have destroyed China's sovereignty not only in Manchuria but in other parts of China as well. Under Japan's ultimatum China was forced to concede some of those demands, which she did under protest and so notified all friendly Powers.

At the Paris Peace Conference, at the Washington Conference, and before the League of Nations, China reiterated her protests against those exactions of Japan and repudiated them on all suitable occasions. At the Washington Conference China refused to conduct separate negotiations with Japan and insisted that Sino-Japanese questions must be discussed in the purview of the whole Conference. By signing the Nine-Power Treaty at Washington, China's territorial integrity and administrative autonomy were guaranteed by all the Powers and it was definitely stated that Manchuria forms an integral part of China's territory. That Treaty also provided for appeal to the signatory Powers in event disagreement about interpretation of the Treaty and infraction of its terms occurred.

Subsequent to signing the Nine-Power Treaty the Chinese Government has invariably, in its relations with Japan and other Powers, insisted on observing the terms and principles of that Treaty but owing to Japan continuously trying to step outside the Treaty and insisting on having special rights in China, especially in Manchuria, the Chinese Government has been unable to avoid disputes and frictions with Japan, which, when serious China tried to refer to the League of Nations and the Court of International Justice.

China gladly became a party to the Kellogg-Briand Pact renouncing force as a means to settle international disputes and obtain political objectives, and she has associated herself with all similar plans to secure peace. On several occasions China sought without success to invoke the provision of the Covenant of the League of Nations that obsolete and unsatisfactory treaties might be revised.

That, broadly, was the situation last September when, without, provocation justifying such action, Japanese troops attacked the Chinese at Mukden and usurped control there. Careful analysis shows without doubt that Japan's military *coup* was premeditated and carefully planned. Dispositions were commenced days before September 18th.

It is scarcely necessary to review events in Manchuria since then. Under various pretexts the Japanese military has overturned Chinese authority in Manchuria, and taken control of almost the whole of those provinces, while China appealed in vain to the League of Nationals and Peace Pacts.

At times since the Mukden attack Japan has tried to draw the Chinese Government into separate negotiations, but China, following precedents set at Paris, Washington and Geneva, has refused to negotiate without the presence or participation of neutral Powers, knowing full well she cannot singly resist Japan's pressure, backed by unbridled military force, which aims at the annexation of Manchuria.

Those tactics failing to frighten the Chinese Government, Japan decided to carry military action into the heart of China, showing contempt and indifference for world opinion, with the purpose of convincing the Chinese that it is hopeless to appeal for outside help. During four months' continuous military aggression, the indignation of the Chinese people was aroused to the highest pitch while the Chinese Government, already harassed by natural calamities, was faced with the task of dealing with invasion from without and restraining popular feeling within.

Having sent naval forces to Shanghai with the avowed purpose to protect Japanese residents and property there, the Japanese Government presented through the Japanese Consul-General certain demands to the Chinese local authorities of Shanghai, requiring complete acquiescence by six o'clock p.m. January 28th. At two o'clock that afternoon the Mayor replied fully accepting Japan's demands and was assured by the Japanese Consul-General that the reply was satisfactory.

Neverthèless, at midnight that same date the Japanese naval forces advanced into Chinese territory and attacked the Chinese police and garrison troops. The Chinese Government has no doubt that disinterested foreigners on the scene have more or less correctly informed the world of the events at Shanghai since January 28th but the Chinese Government wishes to emphasize the following points:

Japanese naval and military forces have used the International Settlement of Shanghai both as a base for their attacks on Chinese police and troops and as a sanctuary where they can retire when repulsed and for recuperation and re-supply.

Chinese troops defending China's soil from ruthless invaders have been unable to reply effectively to Japanese attacks without endangering the lives and property of thousands of friendly neutral foreigners residing in the International Settlement and surrounding suburbs, and have been unable to pursue their Japanese attackers without risking conflict with friendly neutral foreign police and troops protecting the Settlement.

Japanese military and naval forces have used and continue using the river-front docks within the International Settlement to land troops, artillery, and supplies. Japanese warships anchored on the Whangpoo River alongside the International Settlement, fire over the Settlement at the Chinese forces resisting Japanese attacks in Chinese territory outside the Settlement; and Chinese artillery cannot reply effectively without gravely endangering scores of neutral vessels in port. The Japanese flagship with the Japanese Admiral and staff directing the attacks lies alongside the wharf near the center of the Settlement.

Japanese airplanes have bombed all parts of the Chinese sections of Shanghai, also parts of the International Settlement, and then withdrew over the mid-section of the International Settlement.

Japanese military forces and ununiformed civilian elements have killed or injured presently an incalculable number of Chinese, peaceable unarmed men, women and children, estimated at between one and two thousand, imprisoned and maltreated many others and executed many without trial.

Japanese bombings and fires started by bombs have already destroyed property roughly estimated at hundreds of millions of dollars.

The Japanese Government excuses these atrocities by alleging military peril due to proximity of Chinese troops. The Chinese Government solemnly declares that this excuse is a transparent pretext as it is impossible to send Japanese troops anywhere in China without being surrounded by Chinese population and near Chinese troops occupying their regular stations. Japanese military forces have pushed forward into China's territory always with the excuse that near-by Chinese troops constitute a menace. It is evident that such reasoning provides an excuse for the complete conquest of China by Japan.

When the United States, Great Britain and France, supported by Germany and Italy, recently presented to Japan and China a note in five categories designed to end hostilities and bring about the liquidation of this situation, which is worse than war, the Chinese Government without hesitation accepted the proposals of the Powers in full.

In flatly turning down first the proposals of the International Shanghai Defence Committee, then the Powers' five proposals and, more recently still, Admiral Sir Howard Kelly's scheme, Japan is thus closing every avenue to peace, leaving China no alternative but to continue to adopt appropriate measures of self-defence to the best of her ability.

The Chinese Government asks the world to contrast the known facts of Japan's acts in China during recent months —with the Japanese Government's latest statement that "It

is the immutable policy of the Japanese Government to ensure tranquility in the Far East." Also contrast Japan's statement that 'Her troops are in China only to discharge an international duty'—with the efforts of the League of Nations and the Washington Treaty Powers to withdraw her troops from China and cease her warfare. Also contrast Japan's frequent declarations that she has no territorial ambitions vis-a-vis China—with her refusal to submit the Manchuria and other Sino-Japanese questions before a conference of the Treaty Powers. Also contrast Japan's acts at Shanghai causing immense destruction of property of all nationals and loss of lives—with her statement that she acted in Shanghai only to protect lives and property. Also contrast Japan's latest statement that she acted in Shanghai in cooperation with the other foreign defence forces and foreign municipal authorities—with the latest statement of the Shanghai Foreign Municipal Council that 'The Japanese Government and not the Municipal Council is solely responsible for the acts of the Japanese armed forces in Shanghai.'

The Chinese Government positively denies that the Chinese violated the temporary truce arranged on January 29th. Because of the suddenness of the armistice it was not possible to get orders to all outposts, resulting during the night in desultory firing between outposts on both sides. The Japanese command resumed the attacks at daybreak on Jan. 30th.

Since Japan's astounding action at Mukden last September it has been the unswerving policy of the Chinese Government to avoid by all means at its command an outright state of war; and to that end has endured intense humiliation and risked its own existence in face of popular clamour, in the hope that worldwide pacific measures might check Japan's reckless course. Despite failure so far of the pacific agencies, the Chinese Government adheres to its faith in world justice. But China cannot passively submit to Japan's invasion of Chinese territory and slaughter of the Chinese people. Therefore she solemnly declares to the world that she will continue to resist in self-defence Japan's attacks at all points and with all the force at its command.

The Chinese Government further declares that it is China's desire to settle the issues in connection with the present crisis within the purview of the interested Powers and in accordance with the principles guaranteeing world peace and the sovereignty, independence, and territorial and administrative integrity of China.

(Signed) Lo Wen Kan,
Minister of Foreign Affairs.

Destruction of Oriental Library by Japanese Bombs

A manifesto issued during the week by the editorial department of the Commercial Press (at the head of which is Fong F. Sec.) gives details of the destruction of the Oriental Library (also the Press itself) by the Japanese on the night of Jan. 28. The Oriental Library has been completely destroyed as the result of the Japanese aerial bombardment.

The Oriental Library has a history of 35 years, and its literary treasures were without parallel in the Far East. The total number of volumes contained in the Library is 600,000, and the Chinese books included many rare collections that money to-day cannot buy. There are over 100 varieties of Chinese works of impressions of the Northern and Southern Sung Dynasties. There are over 200 works of exceptional importance which cannot be duplicated inasmuch as they consist of handwritten copies.

The Oriental Library is famous for its large collection of prefectural and district geographies which possess unrivalled merits as works for historical reference. Works with impressions dating back to the Yuan, Ming and Tsing Dynasties and various other works of lasting value have also perished. Apart from Chinese literature, the losses covering works printed in Europe and America collected over a period of many years are incalculable.

Ministry of Education Sends Message of Sympathy

In a message of sympathy to the management of the Commercial Press, on Feb. 11, the Ministry of Education of the National Government expressed profound sorrow and regret over the complete destruction of its printing plant and the Oriental Library by the Japanese air bombers. The message states that the destruction of the Commercial Press by the Japanesd militarists constitutes a serions blow to China's culture and an irreparable national loss. The burning of the Oriental Library is the most lamentable, the message concludes, because of its many rare collections of Chinese and foreign books and many ancient Chinese paintings which can never be replaced.

How Many Japanese Troops at Shanghai?

Considerable confusion has been created by conflicting reports carried in news dispatches from Tokyo and also reports by Japanese naval and military officials at Shanghai regarding the actual strength of the Japanese division or divisions now stationed at Shanghai. When Lient.-Gen. Uyeda was asked whether there are two divisions now stationed at Shanghai, he replied enigmatically, "I am commander of a division." On the other hand dispatches from Tokyo have mentioned troops from two separate divisions as being dispatched to Shanghai, the "Kanazawa" and "Kurume" divisions. Even the American and European commanders at Shanghai appear to be in the dark regarding the actual strength of the Japanese forces, some placing the number at 18,000 while others claim there are at least 24,000 Japanese regular troops ashore. Those who have followed the situation closely appear to be of opinion that Japan has sent only one division, the 9th to Shanghai, but incorporated with the 9th there apparently are a considerable number of other units, some supposedly from the 12th or Kurume division. One Japanese military officer was authority for the statement that the 9th Division had been increased from peace-time strength of approximately 13,000 to full war-strength of 18,000 by the addition of other units particularly artillery, considered necessary for extensive campaigning in the Yangtsze delta region.

It also should be taken into consideration that the Japanese have from 6,000 to 10,000 sailors and naval landing-parties in Shanghai ashore and afloat and aside from the regular uniformed units there are several thousand armed "reservists," "ronins," "volunteers" "plain-clothesmen" etc., which must be considered a part of the Japanese armed forces. Also, there has appeared here as in Manchuria, some 1,000 gendarmes or military police who wear black uniforms and carry swords and revolvers and serve in a police capacity.

The following is a report from official sources showing the normal strength of the 9th and 12th divisions, both of which have been mentioned in dispatches as having been sent to Shanghai:

Divisional H. Q. in Japan	Brigade, Regiment, Battallion, etc. of various corps and Headquarters		Garrison or Corps H. Q. in Japan
9th Division (Kanazawa)	Infantry Brig. 6: Kanazawa	Reg. 7	Kanazawa
		Reg. 35	Toyama
	Infantry Brig. 18: Tsuruga	Reg. 19	Tsuruga
		Reg. 36	Sabace
	Cavalry Reg. 9: Mount. Art. Comt. Bat. 9		Kanazawa
12th Division (Kurume)	Infantry Brig. 12: Fukuoka	Reg. 14	Kokura
		Reg. 24	Fukuoka
	Infantry Brig. 24: Kurume	Reg. 46	Omura
		Reg. 48, Bats. 1&3	Kurume
		Reg. 48, Bat. 3	Saga
	Field Heavy Art. Brig. 2: Kokura	Reg. 5&6	Kokura
	Field Art. Reg. 24; Independent Mountain Art. Reg. 3		Kurume
	Shimonoseki Heavy Art. Reg.		Shimonoseki
	Sasebo Heavy Art. Battalion		Sasebo
	Keichi Heavy Art. Battalion		Keichi
	Flying Reg. 4		Tachiarai
	Cavalry Reg. 12; Eng. Bat. 18; Comt. Bat. 18; Tank Corps. 1		Kurume

A Japanese division is generally composed of two brigades of infantry, one regiment each of cavalry and artillery, one battallion each of engineers and army serice corps. A regiment of infantry consists of three battalions, each 600 men, while a regiment of cavalry is composed of three or four squadrons, each one hundred sabers. A regiment of field artillery consists of six batteries, each of four guns, while a battalion of engineers consists of three companies, each of 150 men, and that of an army service corps of 300 men. The regular standing Japanese army consists of 17 divisions and 34 brigades.

Economic Features of the Far East in 1931

BY CHARLES K. MOSER.
Chief, Far Eastern Section, Division of Regional Information
U. S. Commerce Reports, Dec. 28, 1931.

THE trade of all countries in the far eastern area fell in 1931 to even lower levels than in the previous year. Added to world-wide factors of depression, were certain unique features in nearly every country of the Far East. Floods that destroyed thousands of lives and rendered over 30,000,000 people homeless ravaged the Yangtze Valley, the richest region of China. Civil strife and insecurity of property caused a flow of silver from the interior regions to the treaty ports, where it congested and became partially responsible for the unprecedentedly low value of silver and of a consequently lowered capacity to purchase foreign goods.

In Japan commodity prices continued their down-ward trend throughout the year, although production restrictions were maintained in all important industries. The boycott of Japanese goods in China and the decline in the British pound sterling greatly reduced Japan's exports to its oriental markets. Although Japan's volume of raw-silk exports was considerably ahead of the 1930, considerably lower prices caused a decline in the returns, deeply felt by the agricultural masses. Foreign trade for the first 11 months of the year declined 20 per cent in value, although the volume was larger than for the corresponding period of the previous year.

In India Government revenues declined despite considerable increases in import duties, while internal disorders such as strikes, boycotts, and hartals—used as the weapons of hostile political factions—depleted domestic business. The textile industry, owing to increased protective tariffs and efforts to induce large consumption of home weaves, was the most prosperous of Indian enterprises, and the future outlook of the cotton textile industry appears fairly favorable.

In the Philippine Island exports for the first 10 months went down 21 per cent and imports 23 per cent. Importer and bank credits to dealers were extended only with great caution and many old accounts either were liquidated or written off. Imports of iron and steel and automotive products decreased 30 per cent, and of cotton piece goods fell off 20 per cent, although Japan considerably improved its position in rayons and other lines at the expense of American textiles.

In the Malaysian territories, including the Netherland East Indies, except for a short period of renewed activity following the moratorium announcements in the United States, business depression maintained itself throughout the year. An unofficial boycott of Japanese goods was attempted by the Chinese merchants, in whose hands is the bulk of commodity distribution in these countries, and trade from all gold-standard countries suffered in competition with the products of non-gold-standard countries, following the decline in the pound sterling. The Chadbourne plan for international restriction of sugar output became effective April 1, thus insuring a graduated restriction in Java's sugar production over a 5-year period.

In British Malaya business activity was only about one-third that which the distributing facilities were organized to handle. Import duties were imposed on a variety of commodities by the Federated Malay States government, and plans for a Malayan customs union were under consideration at the close of the year.

Australia and New Zealand underwent one of the most serious slumps in their economic history. Extraordinarily high exchange seriously handicapped importers throughout the year, and imports from gold-standard countries were impeded further when Great Britain abandoned the gold standard in September. There were some hopeful signs, however, as the year closed. Crop and pastoral conditions were reported as good from both countries, and secondary industries were increasing in activity, while exports, stimulated by extremely favorable exchange, were going forward in increased volume. The outlook for import improvement, however, remained extremely problematical.

In practically all countries of the far eastern area, largely agricultural in their productivity with the exception of Japan, crop yields generally were reported as unusually good. The lack of prosperity, therefore, was mainly due to internal difficulties in getting products to market and to low world demand.

China

China was particularly unfortunate during 1931 in that in addition to the many adverse factors disquieting to trade, such as civil warfare, local bandit depredations, and famine, both Central and South China were afflicted with unusual floods. Disunity in administration between northern and southern factions also was disturbing to trade, and continued practically throughout the year. An area of 34,000 square miles in the Yangtze Basin was inundated completely by one of the most disastrous floods experienced since 1870, said to have directly affected the livelihood of 180,000,000 people. Over 30,000 lives were lost, 31,000,000 people rendered homeless, upward of 10,000,000 were made destitute, and destruction and damage to property amounted to over $1,000,000,000.

Except in flooded areas, crops throughout China were uniformly good, and in some sections even exceeded previous high averages of a few leading commodities, including beans, tobacco, and peanuts.

Despite the encouraging feature of low silver values, the volume of export trade in 1931 was considerably lower than in the previous year, chiefly because of greatly reduced world demand. Handicaps imposed upon China's import trade, in addition to political unrest, were low silver and widely fluctuating local currencies, which tended to produce a heavy decline in purchasing power.

American shipments to China were slightly lower than in the preceding year, although the decline was less than to any other far eastern country. Imports of raw materials from the United States showed a considerable increase while receipts of American manufactured goods declined. Increases included raw cotton, wheat, flour, lumber, and leaf tobacco. Declines were recorded for kerosene, iron and steel products, machinery, electrical equipment, aniline dyes, and automobiles.

Shanghai continued to experience greater prosperity than any other section of China, although its trade also suffered from the adverse factors which affected China's general trade. Extensive building operations and expanding industrial developments continued to feature the settlement's progress.

Manchuria experienced good crops but a low demand for its products. High tax burdens, banditry, and deplorable currency conditions were additional factors that seriously curtailed both import and export trade.

Japan

Disturbed financial conditions in Europe, depression in the United States, and floods in China, followed in the fall of the year by the Manchurian trouble with its resultant boycott, and, finally, the decline in the British pound sterling, all reacted unfavorably on Japan's industry and finance during 1931. Finally, in December, the Government party that had been in power for two and one-half years, and which was responsible for removing the gold embargo in January, 1930, was forced to resign. The new Cabinet immediately suspended the gold standard again by placing an embargo on gold exports, effective December 13, and the yen at once fell to around $0.43. This action created an optimistic feeling in industry, where it was believed that export trade would be stimulated, employment increased, and the Government liberalized in rendering financial aid to industries.

Commodity prices continued in a downward trend throughout the year and production restrictions were maintained in all important industries. Profits for the first six months were above those of the corresponding period in 1930, but less favorable returns are anticipated for the last half of the year.

Low prices caused returns from exports of raw like to decline, reacting unfavorably on agriculturists, but the volume of exports was considerably ahead of 1930. Silk stocks were heavy owing to inability to dispose of the 109,300 bales held in storage under the compensation law. A number of the smaller filatures were forced to close. Unemployment increased seriously, labor disputes were more numerous, and wages were reduced. The rice crop was smaller than in 1930, but prices remained low, although the Government made heavy purchases.

Foreign trade for the first 11 months of the year declined about 20 per cent in value but the volume was larger than in the corresponding period of 1930. Export were valued at 1,065,000,000 yen, compared with 1,354,000,000 yen for the first 11 months of 1930. Imports totaled 1,124,000,000 yen against 1,447,000,000 yen in 1930.

Import trade in general reflected the business deflation, contracted buying power, and the tendency to use home products in preference to imported goods. A larger

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

quantity of raw cotton was purchased, particularly from the United States, but the value was lower than in 1930. Idle shipping approached 500,000 tons toward the end of the year.

Philippine Islands

The general depression of 1930 continued throughout 1931 in the Philipine Islands with only temporary readjustments. Greater firmness of commodity markets and prices followed the moratorium proposal, but the slight improvement was not sustained.

Demand from the United States and Europe for leading exports was slack and prices declined steadily, reaching record low levels for copra, coconut oil, and abaca. During the course of the year copra prices declined 28 per cent and abaca prices 25 per cent.

The accumulated loss in purchasing power during nearly 20 months of continuous price recession greatly reduced imports of iron and steel products declined 30 per cent, compared with receipts of the corresponding period in 1930; imports of cotton piece goods fell off 20 per cent; and of automotive imports 30 per cent. Automotive sales activity was reported to be approximately 50 per cent below that of the previous year.

Total foreign trade for the first 10 months declined 22 per cent from that of the corresponding period in 1930. Exports, valued at 176,000,000 pesos ($88,000,000), were 21 per cent less; and imports, valued at 165,650,000 pesos ($82,825,000), showed a decline of 23 per cent. During the four months, July to October, inclusive, the balance of trade was unfavorable, and the excess of exports at the end of October was reduced to 10,350,000 pesos ($5,175,000).

Despite the general depression, noteworthy activity occurred in building and construction in Manila, which was encouraged to some extent to relieve unemployment.

British Malaya

Prices for rubber and tin fell at times in 1931 to the lowest levels on record in both British Malayan industries. A downward price tendency also was felt by exporters of minor agricultural products, and, except for a brief revival of optimism and slightly stimulated trade following the improved world sentiment in June, business was dull throughout the year.

For the first nine months, export trade declined approximately 40 per cent in value and imports fell off about 35 per cent, compared with corresponding transactions in 1930. A great many small merchants were forced out of business and many intermediate marketing agencies were eliminated. The larger import houses reduced their operations materially, and disposed of stocks at sacrifice prices. Credits were restricted greatly and collections became increasingly difficult.

The Straits dollar, which is based on Sterling, declined with the British pound about 20 per cent in value, which had the general effect upon imports from the United States and continental Europe of a 20 per cent preferential tariff in favor of non-gold-standard countries. Importers in a number of instances canceled their outstanding orders in gold-standard countries.

British Malaya entered into the international agreement for the restriction of tin output, but tin prices thus far have improved only slightly.

India

Falling price levels, together with smaller volume, featured both imports and exports. Internal disorders, including strikes, boycotts, and hartals, which centered largely about political movements, crippled domestic business. Government revenues declined despite several increases in import duties, and railway earnings were far below normal. During the last half of the year rupee exchange declined in sympathy with the pound sterling and exporters were hopeful that it would result in a revival of exports. Some increase did occur, immediately following the decline, but, generally, results were disappointing.

Unemployment was in evidence but did not become troublesome, as many were absorbed into the textile industry, and others, as usual, returned to their homes in agricultural sections.

The textile industry fared better, perhaps, than any other, due to protective measures and movements designed to stimulate the consumption of domestic products. The outlook for the mill industry was considered fairly good as the year closed.

The monsoon generally was successful, and satisfactory crop yields resulted. Average, however, was curtailed in some instances, particularly jute, owing to poor world demand and exceptionally low price levels.

Exports from the United States to India for the first 10 months of the year were valued at $32,157,000, compared with $35,992,000 for the 1930 period. Both smaller volume and lower price levels contributed to this decline. Owing to exchange difficulties, certain commodities from the United States encountered more severe competition in the final months of the year from similar products of Great Britain and other non-gold-standard countries. Imports into the United States from India for the same period declined in value from $91,838,000 to $51,386,000 both reduced volume and lower price levels accounting for the difference.

Netherland East Indies

Steadily falling prices for export products resulted in continued business depression throughout the first 10 months of 1931 in the Netherland East Indies. In November, although trading continued on a very cautions basis, a somewhat better feeling prevailed because of stronger demand in Europe and the United States for Netherland East Indian produce. The downward trend in price of several native crops appeared to be checked, at least temporarily.

Throughout most of the year import business was restricted to immediate requirements. Many import houses operated at a loss, particularly as regards textiles and sundry articles, sales being made at prices below replacement costs. German products made notable gains in sales because of a lower price basis.

During the first nine months the total export trade declined 30 per cent in value from that of the 1930 period, and imports fell off 35 per cent. Important decreases were recorded for machinery and iron and steel imports, while decreased native purchasing power resulted in a decline of 45 per cent in imports of sardines.

Drastic retrenchments in Government expenditures were inaugurated, including two reductions in the salaries of employees, while measures were taken to increase revenue through additional import and excise duties and taxes and increased company and income taxport. The possibility of forming a rubber restriction scheme was under consideration at the close of the year.

Japanese Air Bombing Raids Cause Much Destruction

According to a report in the *Eastern Times*, another Japanese air bomber was shot down by Chinese anti-aircraft gun fire at Chinyuan-road bridge in Chapei about 11 a.m. on Feb. 10. The plane crashed and its two occupants were killed. The report stated that at 10 a.m. on that day five Japanese bombers flew over to Chinyuan Road from Yangtszepoo and carried out an air raid on Chinese positions. As soon as they were observed, a Chinese pursuit plane immediately went up and challenged the invading planes with machine gun fire. In the meantime, Chinese anti-aircraft guns were trained on the Japanese bombers from below. It was reported that one Japanese raiding plane was hit by the Chinese gun fire and hurtled down in flames. The four other bombers released a considerable number of bombs on Chinese positions, causing much damage on Chinese defenses and killing and injuring several Chinese soldiers.

According to an official report from Lunghua Headquarters four Japanese planes were sighted in the air at 8 a.m. Feb. 11 over the Greater Shanghai Municipal Government headquarters at Fenglingchao opposite Rue Ghisi in French Concession. The planes were apparently engaged in observation duty and did not drop any bombs on the buildings below.

Japanese Threaten Bombardment of Nantao

Threatening a joint air and naval attack on Nantao and the native city districts, the Japanese Consulate-General delivered a communication to the Mayor of Greater Shanghai Municipality, February 10, charging that two Japanese warships anchored midstream in the Whangpoo off the Kin Lee Yuan Wharf had been repeatedly fired upon be Chinese sentries on duty in that district. The note intimated that if the alleged firing should be repeated, the Japanese would bombard the Nantao districts. Upon the receipt of the communication Mayor Wu Te-chen immediaiely replied, categorically denying the Japanese allegation and expressing the wish that Japanese authorities would exercise special caution in their actions.

IS SHANGHAI INTERNATIONAL SETTLEMENT ANY LONGER AN "ISLAND OF SECURITY"?

(*Continued from page 369*)

within the limits of the Settlement. Every minute of delay and inaction by the Municipal Council means increased loss of life and property. The Council's responsibility is great, and it should not "pass the buck" to the Japanese forces.

We, the residents of the International Settlement, have very much appreciated the past efforts of the Council in upholding the neutrality of the settlement and preserving peace and order within its limits. It is the more regrettable that at the present crisis, the Council has permitted the Japanese forces to conduct military activities in its governed area, and left one section of its ratepayers without protection. thus exposing their lives and properties to great danger. What will Justice Feetham say, when he is informed of the present delicate situation in Shanghai. In his report he laid much stress upon the ability of the Municipal Council to safeguard personal rights, including rights of property, and preserving peace and order in this "island of security."

Shanghai, Feb. 16, 1932.

Hotly Contested Election Campaign in Japan

With Japanese naval and military forces engaged in extensive operations in China and with most of the Japanese public attention focused on "war" news, about 12,000,000 qualified Japanese voters are scheduled to go to the polls in Japan in a general election today, Saturday, Feb. 200, when 466 members of the lower house of the Japanese Parliament—the Teikoku Gikai—will be elected after one of the most bitterly contested general election campaigns in the history of the Empire.

The campaign now ending is characterized by bursts of oratory and charges and counter-charges of corruption. Both the major parties—the Seiyukai or Government party and the Minseito, principal opposition—issued statements declaring victory to be certain.

Premier Inukai, leader of the Seiyukai, said his party will elect 225 to 235 members and will get sufficient support from the minority parties and independents to give it a satisfactory working majority in the new session of the Diet which will be called within a month or so.

Baron Reijiro Wakatsuki, leader of the Minseito, said his party will elect around 230 members which will be enough to assure the resignation of the Seiyukei regime and the formation of a new Minseito government.

The 60th session of the Diet which was dissolved in December by Imperial decree had the following party representation:

Minseito 246, Seiyukai 171, Adachi bloc (followers of Kenzo Adachi who was minister of home affairs in the former Minseito government) 11, Kokumin Doshikai or business party six, Proletarians five, Kakushin-to or reform party three, independents eight; vacant seats 16.

Neutral observers believe it likely the Seiyukei will win sufficient seats to obtain a working majority through accessions of independents and possible the support of the Adachi group. Mr. Adachi, formerly chief political strategist of the Minseito, expects to control from 20 to 30 voters in the new Diet and a story has been circulated that he has a secret agreement with the Seiyukai under which he will be given the ministry of home affairs in a reorganized Cabinet after the election.

One of the most potent charges brought against the Seiyukai by the Minseito during the campaign has been that of moral cowardice in refusing to resign following the attack on Emperor Hirohito by a Korean fanatic on Jan. 8.

Whichever party wins there is no indication of any change in Japan's policy towards China generally or in Manchuria in particular.

Air Mail Line to Run Between Nanking and Loyang

In order to afford more speedy means of communication between Nanking and Loyang, the latter being the provisional capital of China, in view of the present emergency situation in Shanghai, the Ministry of Communications has instructed the China National Aviation Corporation to open a new airmail and passenger line between said two cities. It is understood that active preparations are now under way for the immediate inauguration of the projected air service in order that important messages may be conveyed to Loyang with the least possible delay.

In the United States Court for China

In re.
Last Will & Testament
of
JAMES BENJAMIN KATZ
Deceased

Cause No. 3412
Special Proceedings No. 771
NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of James Benjamin Katz deceased, to present the same with vouchers to the undersigned on or before July 30 1932, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China. (Mrs.) Nathan Concoff
January 21, 1932. 75 Nanking Road
Shanghai, China.

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五洲大藥房

Japanese "Accidentally" Bomb Chinese Cotton Mill

After officially announcing on three separate occasions that Japanese air bombers would not fly over the International Settlement of Shanghai, by which the lives of foreign Chinese civilian residents are endangered, the Japanese once more sent a plane on the morning of Feb. 11 over Shanghai, which dropped two bombs one explosive, and the other incendiary. The bombs struck the cotton mill in Markham Road owned by the Wing On Company, a prominent Cantonese concern, which employs some 2,300 workers, mostly women. Five employes, including three women, and one 16-years old girl were killed outright. Sixteen employees, mostly women and girls, were wounded, one woman later dying in hospital. Within a short distance, possibly more than two hundred feet in a straight line from the point where the bomb wrecked the mill's reeling room, a contingent of 1,800 American marines commanded by the Lieut J. S. Cook was quartered. Some two hundred U. S. Marines within the vicinity were engaged guarding and patrolling Soochow Creek, which is the boundary separating the International Settlement from the Chinese controlled Chapei district. This Wing On Mill (No. 3) faces Soochow Creek and lies within the zone guarded by American forces. Before the present Sino-Japanese complications began a detachment of U.S. Marines was stationed at the mill premises, the position being known as the Changping Road subsector. The Marines were actually billeted in a vacant room on the ground floor adjacent to the front gate. Colonel Hooker, the commander of the 4th Regiment U. S. Marines. commenting on the incident, declared: "I am not surprised, since the incident was a direct result of the practice of Japanese bombing planes to fly over the Settlement. The Japanese had been warned and had made three separate promises that planes would discontinue flying over areas containing thousands of foreign and Chinese civilian residents. Numerous shells fired against the Japanese planes by Chinese anti-aircraft guns have been falling in the Settlement streets almost daily, but we can't blame the Chinese as long as Japanese planes continue flying over the Settlement or along its boundaries."

Admiral Expresses Regret

Japanese Rear Admiral Shimada, speaking on behalf of Admiral Nomura, commander of the Japanese Third Fleet in an interview expressed deep regret at the incident. He stated that the Japanese Navy would pay the hospital expenses of the wounded workers and also would indemnify the families of the dead workers. He stated further that as soon as details of the bombing were learned Admiral Nomura accompanied by staff officers, personally, called on Admiral Taylor, the commander of the U. S. Asiatic fleet and on Colonel Hooker, commander of the U. S. Marines, and expressed deep regret that a Japanese plane had dropped bombs within the American sector, thereby endangering the lives of the U. S. Marines. Admiral Shimada's explanation of the bombing incident was as follows: "About eleven o'clock this morning our scouts reported a concentration of Chinese troops along the Chinese side of Soochow Creek, which concentration had been growing for several days, the Chinese considering themselves safe against our shelling. In order to disperse the Chinese troops we sent out a number of planes carrying a small type of bomb. One plane during the latter part of the bombing while flying over Soochow creek swooped upward, causing the lock in the dropping apparatus to open, thereby releasing two bombs both of which struck the Wing On mill, which is located on the north side of Soochow creek opposite the Cantonese cemetery on the Settlement boundary. Our aviator did not know the bombs were dropped until he returned to the landing field and checked up. As soon as I arrived in Shanghai I issued orders that our fliers should not fly over the Settlement, but some trouble is experienced due to the difficulty aviators have in distinguishing Settlement boundaries. I now have issued strict orders that no aviator is to be permitted to take up bombs until he is thoroughly famialiar with the locality. I am very sorry for the incident which was unintentional. In the future I will take precautions against further errors."

One Bomb Explosive—Other Incendiary

Both Japanese bombs were apparently released simultaneously, since they struck within a short distance of each other, the explosive missile striking and penetrating four-inch reinforced concrete roof and exploding on the floor of the reeling room, which contained approximately 50 workers, chiefly women. Several reeling machines, which the women were tending were wrecked. The explosion was so forceful that heavy wire strengthened plate glass windows on all sides of the large rooms, 70 by 80 feet, were blown out, while large sections of the walls on two sides were blown into the courtyard below. The room was immediately converted into shambles, most of the wounded having their legs and feet blown off or lacerated while those killed were in some cases practically blown to pieces. The incendiary bomb, which struck the building across the area-way from the reeling room, also penetrated the concrete roof but ricocheted through a side wall and fell into courtyard below where the shell burst but did not explode, a portion flying through the window of the room below where it shattered the flywheel of the carding machine. The worker standing by it was uninjured. The incendiary bomb was filled with yellowish powder, apparently a mixture of sulphur and phosphorus, with an acrid taste, which covered the sides of the buildings for several hundred feet. For some reason the incendiary bomb did not explode, otherwise the entire mill, which is filled with cotton would have been burned, possibly entrapping hundreds of workers. Fortunately the bomb struck the reeling room a few minutes after the lunch whistle had sounded otherwise the room world have been occupied by more than a hundred women and girls. Immediately following the explosion a U. S. marine contingent rushed to the demolished reeling room and assisted in the removal of the dead and wounded.

J. G. Lock, a Cantonese, born in Australia, who is the President of the Wing On Company, estimated the material damage from the air-bombing at about twenty thousand gold dollars. He stated the Japanese had also shelled and badly damaged another mill belonging to the same Company located at Woosung. Mr. Lock stated that he didn't think the Japanese bombing was intenational although the Wing On Mills constitute the chief Chinese rivals to Japanese cotton milling interests in China.

An American marine stationed on a lookout, on top of a nine-story floor mill located about four blocks from the Wing On Mill observed and recorded the Japanese airbombing operation which began at 7.55 and ended about noon. According to this marine observer the Japanese planes began to fly over and drop bombs along railway yards which are located about a thousand yards directly north of the boundary where the Wing On mill is stationed. At first the Japanese planes included three bombing and two pursuit planes which dropped explosive and incendiary bombs, which started fires in a large Chinese tenement building adjacent to the tracks. Then these planes flew back to their base about 8.40 a.m.

A second contigent of bombing planes arrived at 9.12 a.m. These carried much heavier bombs, some planes carrying only one bomb each and made two trips. They bombed further buildings in a densely populated area, most of which however are now thought to have been evacuated. At 10 a.m. a third contingent of bombing planes arrived and concentrated attention on a large four-story building, which was entirely demolished. Then these bombing planes encircled along Soochow Creek and continued to drop explosive and incendiary bombs. Later they flew out of town along the railway to Chenju, where two bombs dropped on the outskirts of the village. About 10.30 a.m. two more planes arrived, which after flying over sections of Chapei opposite the Wing On mill, turned and flew directly over the Settlement boundary, when the bombs were released which struck the Wing On Mill. The plane which dropped the bombs was flying at an altitude of between 1,500 and 2,000 feet. The American Marine stationed as a lookout and who observed the bombing through a powerful glass with a range finder declared no excuse could possibly have existed for the Japanese action since the area had long been controlled by U. S. Marines and there never had been any Chinese snipers in that area, although the Japanese allege that Chinese had concealed machine-guns on the Chinese side of the creek, which had been firing on the Japanese planes.

Japanese to Put Damper on Airplane Flying Over Settlement

In the early days of the Japanese invasion of the Shanghai district it was almost a daily occurrence to see Japanese airplanes flying over the Settlements. On one occasion upwards of a score of planes made the flight over the Settlement in close formation. The appearance of these planes was protested against not only by the Chinese, who threatened to aim their anti-aircraft guns at them, but by the Municipal Council, which pointed out the danger that they brought to the Settlement. In a letter sent by the Japanese Consul General in Shanghai to the Council during the week the Japanese military authorities have promised that no planes will be flown over the Settlement "except in cases of absolute necessity."

Chinese Troops at Shanghai Are Reinforced

According to a *China Times* dispatch from Nanking, the Chinese Government authorities have decided to dispatch fresh troops here to reinforce the 19th Route Army. Gen. Chiang Kai-shek immediately following his arrival at Nanking end of last week summoned Gen. Ho Ying-ching and Dr. Lo Wen-kan, Minister of War and Minister of Foreign Affairs respectively, to his residence and conferred with them at length on the Shanghai situation. On Sunday night, Gen. Chiang held another conference with the various important military and political leaders now remaining at Nanking and discussed in detail measures to cope with the developments in Shanghai. It is reported that General Chiang may shortly come to Shanghai to inspect the Chinese lines, but the report could not be confirmed in official quarters.

The report further stated that there was much troop movement at Nanking between Pukow and Hsiakwan during the past week. The 54th Divison and the Northwestern Big Swords Corps have crossed the River to Hsiakwan where they boarded trains and were rushed to Shanghai to further strengthen the defence of the 19th Route Army Units. The train bringing the fresh arrivals of Chinese troops was heavily shelled by Japanese artillery units located near the Kiangwan Race Course on the night of Febuary 16.

Nanking Road Merchants Protest to Council against Japanese Atrocities

Declaring that they are determined to suffer any business loss and to continue to protest against the use of the International Settlement as a base of operations by Japanese against the Chinese forces, Chinese merchants on Nanking Road at an emergency meeting held several days ago persistently refused to resume business under present conditions. They declared that they would continue their strike unless the Shanghai Municipal Council fully complies with the following three demands:

1. That the Japanese armed forces must be completely withdrawn from Shanghai;

2. That the Shanghai Municipal Council should immediately take over the police duties in the Hongkew district and conduct thorough investigations into the missing Chinese residents there so as to afford them the adequate protection they are entitled to as ratepayers;

3. When the above two measures are fully carried out, the Shanghai Municipal Council should prohibit Japanese residents in Hongkew from creating further trouble under whatever pretext and suppress all further atrocities on Chinese civilians by the Japanese so that the safety of Chinese lives may be assured.

Air Defense Headquarters at Hsuchow

The decision to establish an Air Defense Headquarters at Hsuchow was announced on Feb. 12 by Gen. Wang Chun, Commander of the Third Army of the Tientsin-Pukow Railway Garrison Forces at a joint meeting of representatives of Hsuchow public organisations who were requested to assist the Government Forces in the defense of the city.

In view of the removal of the National Government from Nanking to Loyang, Gen. Wang said, the Japanese forces are reported to have decided to dispatch a huge army of 200,000 troops to be landed at Haichow with the intention of cutting off the communication between the north and the south and occupying Hsuchow as a base of operations against the Chinese forces in central China. If war should break out at Haichow, Gen. Wang continued, Hsuchow will be the most important center of military operations on the Lunghai Line and in view of this, it is of utmost importance to take immediate precautionary measures for defense against air attacks by Japanese air bombers.

General Wang announced that the Government has decided to establish an Air Defense Headquarters at Hsuchow and immediate measures are being taken to perfect the organization of the Headquarters so as to cope with any possible developments of the Shanghai war ituation.

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Nanking or Loyang as the Capital

BY C. Y. W. MENG 孟長渙

REALIZING that her dangerous neighbors had already begun their offensive in Shanghai, and that Nanking, being situated right on the Yangtsze river and only a short distance from Shanghai and the sea coast, rather accessible to the foreign gunboats and bombers, is no longer safe, the National Government decided to remove its offices to Loyang, "in order to ensure the free and unrestrained exercise of its authority as well as to complete freedom from coercion and duress." Wang Ching-wei, the president of the Executive Yuan, in his speech stated clearly the reasons for the removal of the capital to Loyang. He said that when the powers of he world duly affixed their signatures to the Washingtong Ttreaty, the Covenant of the League of Nations, the Anti-War Pact, etc., the world had every confidence that all of them would be fully aware of their duty to uphold the sanctity of these international agreements and to preserve the world peace. Nanking, admitted Mr. Wang, being situated on the bank of the Yangtsze river, is not safe, from the military standpoint to be the capital of China. "The decision the National Government definitely to establish the capital in Nanking was taken because it also placed confidence in the world powers that as all of them were signatories to the many anti-war pacts, there would be no more warfare and no power in the world would dare to be the "ringleader to break the world peace", said the president of the Executive Yuan. "But now", continued Mr. Wang, "the number of the Japanese gunboats in Hsialowan (opposite Nanking) has been increased from three to seven. In case of attack, the lives of the officials need not be taken into account, but what is about the complete and free exercise of our authority?" For this reason, the offices had to be removed to Loyang, explained Mr. Wang.

The president of the Executive Yuan then went on to explain that the removal of the capital to Loyang would not create a state of uneasiness in the provinces along the Yangtsze Valley, the reason being that the provincial authorities have the duty to protect the territories and could not leave at will, while the National Government, having to take care of the whole country, had to be made safe. Nor would of the removal produce any adverse effect on the armies fighting in Shanghai and in the North-eastern provinces. "In order to enable us to resist the Japanese invasion for any length of period we had to remove the capital to the interior of China proper."

Loyang of today is quite different from that of a few weeks ago! All available buildings in the city are occupied. Many leaders of the Government, including Gen. Chiang Kai-shek, having failed to find any accommodation, have to take up their abode in trains. Visitors from Loyang told us that some of the trains were used as offices. A short review of the history of Loyang may be of some interest to our readers.

Historical Significance of Loyang

Chinese historians, they all agreed that Loyang is the center of the Chinese civilization. Loyang was the capital of the Chow Dynasty (周朝) about 2000 B. C. Coming into the Chin and Han Dynastries (秦漢,) Sen Chuan Chun (三川郡) and Ho-Nan-Chun (河南郡) were respectively established in Loyang. (Chun is a name indicating a district formed by the combination of several hesins). The Ton Han Dynasty (東漢) and the Wei (魏), and Chin (晉) Dynasties all established their capital in Loyang, and further appointed a Sze-Chow (司州) to govern the district. During the Second Wei Dynasty (後魏), Loyang was named as Lo-Chow (洛州). In the Second Chow Dynasty (後周), Loyang was called as Ton-Kin(東京). The Sui Dynasty again established its capital in Loyang which was then called as Yu-Chow(豫州), but afterwards changed into Ho Han-Chun (河南郡). The Tang Dynasty (唐) first named Loyang as Lo-Chow(洛州), but subsequently named it as Ho-Nan-Yi(河南尹). During the middle of the same dynasty, Loyang was called as Ton-Kin(東京) again. During the period of Five Dynasties(五代), the Liang Dynasty (梁) named Loyang as Si-Du (西都). The Second Tang Dynasty also established its capital in Loyang, and named it as Ton-Du(東都). The Chin Dynasty (晉) named Loyang as Si-Kin (西京). The Soong Dynasty still named Loyang as Si-Kin(西京), and the Ho-Nan-Fu (河南府,) for the first time, was established. But during the Kin(金) Invasion, the name of Si-Kin(西京) was declared to be abolished, but Fu (somewhat a prefect) was not abolished. In the Yuan Dynasty, Loyang was called as Ho-Nan-Lu (河南路). In the Ming Dynasty, Loyang was called as Ho-Nan-Fu (河南府) again. The Manchu Dynasty made no change of the name of Loyang. When the Republic was established, Fu was declared to be abolished and Loyang was hence called as Ho-Lo-Tao (河洛道). But when the National Government was established, Tao (道) was declared to be abolished, and Loyang was known as Loyang-hesin (洛陽縣).

That is to say, from time immemorial, Loyang had already attained its stage of significance and prosperity, being the capital of many dynasties. But it began to decline since the Kin Invasion during the Soong Dynasty. Until a few weeks ago, the traditional capital of China is again the provisional capital of China!

Geographical Situation of Loyang

The geographical situation of Loyang is clear to most readers and needs no extended explanation. By the completion of Lung-Hai Railway, Loyang could to reach quite easily Shensi and Shansi in the west and Haichow, a seaport, in the east. Being only a short distance from Chengchow, which lies at the cross-section of the Peiping-Hankow Railway, Loyang could reach quite speedily the former capital of China and the Yangtsze Valley. By the completion of the extension railway from Hankow to Canton, which, according to the information from the Ministry of Railways, could be completed within a short time, Loyang could reach Canton. Through the Lung-Hai Railway, which would stop at Hsuchow, which is at the cross-section of the Lung-Hai and Tsin-Pu (Tientsin to Pukow), line Loyang could reach any of the seaports along the coast.

It is clear that from the historical standpoint, Loyang is not in any way imperior to that of Nanking. From the geographical situation, Loyang is far better situated than Nanking. For this reason, may it not be feasible to suggest that the capital of China should be in Loyang rather in Nanking?

In suggesting this, we are supported by more reasons. Loyang is an interior of China. If the capital is established in the interior of China it has many advantages. Not only the danger of facing foreign gunboats and foreign invasions would be averted, but it would have the very effect of causing the foreign powers to readjust their relations with China. The unequal treaties, which provide many special privileges for the foreign nationals in China, do not permit them to trade directly with the Chinese in the interior of China, nor can the foreign nationals, except the missionaries, reside in the interior of China; and in these cirumstances foreign nationals who wish to trade with the Chinese are put in an extremely disadvantageous position, while the nationals of some powers whose out-of-date treaties with China had already been revised could travel in any place in China and would have many advantages over others. Should the foreign powers leave the interests of their nationals uncared for, or come to negotiate with the National Governnment for new treaties based on the principles of equality and reciprocity?

Further, every one knows that the North-East and North-West are China's great future. If the capital is established in Loyang, it would greatly facilitate the development of these districts, which are now only hunting grounds for the different imperialists—the Russians, Japanese and British.

The writer of this article, with the intention of ascertaining general opinion of this suggestion, has interviewed several leaders of the country, and has found that the consensus of opinions is in the affirmative. The writer is reliably informed that Gen. Feng, the Christian General, is strongly in favor of establishing the capital in Loyang. When the Nationalist army first entered Peiping, Gen. Feng then already proposed establishing the capital in Loyang, but the Kuomintang leaders replied that Nanking had been designated to be the Capital of China by the late leader. But in view of the above discussed reasons, and further in view the fact that the present world is not civilized enough to talk about international good-will and world peace, and that warfare, could by no means be averted despite the existence of many anti-war pacts, duly signed, China should find a place safe enough to be the capital, and we propose Loyang.

Nanking ,Feb. 12, 1932.

Student Armies Record Increase

Reports from Nanking during the week indicated that "Dare-to-die Corps", "Iron Blood National Salvation Corps", Student Volunteer Armies and similar organizations are increasing in number in various cities throughout China in reaction to the presence of Japanese armed forces at Shanghai.

With schools remaining closed and owing to official prohibition, organized anti-Japanese campaigns are conspicuous by their absence, but many youths, stirred by the Japanese naval action in Chapei and Woosung, are organizing themselves into units with a determination to proceed to the "war" front to give assistance to the Cantonese troops now engaged in encounters with the Japanese.

Patriotic organizations of women have been busy raising funds and soliciting other material support for the 19th Route Army. A Chinese Army Nurses' Corps has been formed by University girl students and nurses of the various hospitals.

Encouraged by the success of the Cantonese soldiers in checking attempts of the Japanese armed forces to occupy Woosung and Chapei, official and civilian organizations are rallying to the support of the armed resistance policy. A mass meeting held at Nanking recently passed the following resolutions:

1—That the National Government be asked to send large reinforcement to Shanghai and Manchuria.

2—That the Government be asked to instruct the military and naval authorities in the coastal and river cities to take vigorous precautions against Japanese attacks.

3—That a nation-wide movement be started for organizing self-defense corps and volunteer armies.

4—That the National Government be asked to instruct Dr. W. W. Yen, China's Chief Delegate to the League, to invoke Articles XV and XVI of the League of Nations Covenant.

Three "Iron Blood Corps" entrained at Hsiakwan yesterday morning for Chenju, where they will apply for permission at the Head-quarters of General Tsai Ting-kai to enlist in the 19th Route Army.

Huge Japanese Emigration to Manchuria

A *Rengo* message from Tokyo during the week stated that the various local authorities in Japan are planning to recruit emigrants to Manchuria where they will be encouraged to engage in agriculture chiefly. According to tentative plans, about 150,000 families will be sent from Japan proper a year, thus increasing the Japanese population in Manchuria by about 300,000 to 500,000 per annum. At present the total Japanese inhabitants in Manchuria number hardly 300,000.

These emigrants will be selected mainly from among ex-service men who are out of jobs or who are otherwise in great difficulties because of the serious economic depression in Japan. One thousand families will constitute a group which will settle in one particular locality and these will form a village each.

By so encouraging emigration to Manchuria, Japanese authorities hope to solve at least partially the acute population problem at home. Concrete measures for carrying out the plans will probably be initiated as soon as conditions in Manchuria become stabilized and a new independent Manchurian government is formed.

Japanese Destroy Chinese Educational Institutions Wholesale

All of the seven institutions of higher learning situated at Woosung have been deliberately destroyed by Japanese gun fire or incendiary bombs. These include the following:—Tung Tsi Medical University, Commercial Navigation College, School of Sea Products, Chung Kwo Kung Hsueh, Medical College of the Central University, College of Agriculture of the University of Labor and the College of Manual Training of the University of Labor.

Futan University, located on Kiangwan Road, was the target of an attack by the Japanese troops on the morning of February 11, when heavy machine gun fire deafened the sky for almost two hours. Serious fighting developed when the Chinese replied with artillery fire to repulse the Japanese advance. It is learned that several buildings of the University have been severely hit and damaged by Japanese shells, but no students were killed, as they had all left the University upon the outbreak of present hostilities in Shanghai.

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Men and Events

There is such a thing as giving the Oriental Rising Sun a Western setting.—*Manila Bulletin.*

China bought from Japan a million gold dollars worth of explosions in 1930, according to a recent U. S. *Commerce Reports.*

A meeting of the Indian residents of Tokyo under the auspices of the Indian Independence League was held January 26 in celebration of India's Independence Day. Resolutions were passed urging complete independence for India.

A bomb which had been placed at the entrance of the Mitsui building in Szechuen road, exploded about 8.30 a.m. Feb. 18, blowing out several granite blocks from the building. The force of the explosion shattered the windows of the Chinese telegraph office opposite.

According to the Government Flood Relief Commission, the last shipment of wheat, bought by the Chinese gnvernment from America, for the relief of flood refugees, will be completed by the end of June. Two-thirds of the total amount of wheat has been delivered and distributed among the various relief camp.

The Chinese Government Radio Administration annoouces that it has prepared several emergency transmitters in the Settlement area capable of handling all radiogram traffic to the outside world in almost as fast time as normally. This emergency service will only be used in case the Chenju station is disabled.

The American Community Committee on Elections announced recently that J. W. Carney, assistant general manager of the Standard Oil Co. and F. J. Raven, president of the American-Oriental Banking Corporation, have been nominated for submission as condidates for election (re-election) as members of the Shanghai Municipal Council at the election to be held March 21 and 22, 1932.

It was announced from Nanking end of last week that the Government leaders at Loyang had decided to give Wang Ching-wei full power to handle foreign affairs on behalf of the Chinese Government and that Mr. Wang will remain temporarily at Nanking to carry out these duties. Wang Ching-wei proceeded to Tongshan, which is some 15 miles distant from Nanking.

Although business in general in Shanghai is at a standstill there is one business which is booming, namely the making of foreign flags, particularly American, British and French, the demand being in the order named. There is also a considerable demand for Red Cross flags. Frequent instances have come to light of persons using such flags who were not entitled to do so.

Soochow University Middle School, located in the Hongkew destrict of Shanghai, was again looted by Japanese "ronins" in Sunday night, Feb. 14, when the premises were entered, the barred doors being broken down, the windows and furnitine smashed, and books and papers torn up. The incident occurred with uniformed Japanese, apparently sailors, were guarding the gates. The American Consul General has entered a protest to the Japanese authorities.

One of the incidentals to the appearance of Japanese chauffeurs and drivers of Japanese military vehicles in Shanghai is the conflict regarding the rules of the road. In Shanghai the British rule of keeping to the left side is observed. In Japan the American rule of keep to the right is followed. True to form some of the Japanese drivers have kept on the right side of the road while driving in Shanghai with the inevitable result that a collision occurs now and then.

Shanghai Radio Staff Commended

The personnel of the Chinese Government Radio Administration was applauded at the annual dinner of the Veteran Wireless Operators Association held in the Hotel Astor, New York, on Thursday evening, Feb. 11, and officially commended amid cheers which lasted for more than a minute, according to a wireless message received by Z. W. Chong, manager of the local Administration office. The local radio staff were commended for their exploits in keeping the radio telegraph communication channels open during the present hostilities.

In the course of a message to Mr. Chong, Fred Muller, president of the Veteran Wireless Operators Association, which consists of more than 2,000 members (80 per cent. of whom saw service during the Great War), said the wireless men of the world applauded the brothers of the craft in Shanghai for carrying on in the traditions of the fraternity unmindful in the shadow of death of everything but their duty.

Who's Who in China

David S. R. Penn, Government Official; born at Shangtang, Hunan in 1900; after receiving his preliminary education in Hunan, he went to Peiping to attend the Yenching University from which he was graduated with B. A. degree in 1925; following his graduation, he first served as secretary in the Headquarters of the Director-General of the North-western Frontier Defence Forces and later secretary to the China Foundation for the Promotion of Education and Culture; under the National Government, he has served both in the Ministry of Foreign Affairs and Ministry of Interior; he is now director of the international publicity section of Opium Suppression Commission of the National Government: address: National Opium Suppression Commission, Nanking.

彭樹仁

David S. R. Penn (Pang Shu-jen)

彭澍仁，湖南湘潭人，年三十三歲，幼肄業於湖南中小學，長入北平燕京大學，於一九二五年畢業，得文學士學位，畢業後歷任西北邊防軍總司令部秘書，中國文化教育基金委員會秘書，國府成立以來，任職于外交及內政兩部，現任中國拒毒會國際宣傳科主任。

Japanese Ultimatum to the 19th Route Army

T. V. Soong, Vice-President of the Executive Yuan ssued the following statement at Nanking, Feb. 17:

Reuter's Tokyo dispatch to-day stating that in issuing an ultimatum to the Commander of the 19th Route Army, the point is authoritatively made that the ultimatum will apply only to the 19th Route Army, and not to General Chiang Kai-shek's troops, fills us with indignation and disgust. It is a deliberate attempt to create misunderstanding between the 19th Route Army and the troops formerly under General Chiang Kai-shek's command, and to give the world the impression that it is an isolated army, alone that Japanese aggression is contending with. It is in line with the persistent Japanese policy of treating all questions with China as "local" incidents, to call the seizure of Manchuria, the attacks on Tientsin, Tsingtao, Nanking and Shanghai "local" questions. In a word, it is the same insult which the Japanese delegate at Geneva, Mr. Sato, repeated over and over again that "China is merely a geographical expression."

The 19th Route Army is part of the National Army anb is supported by every unit of the National Army, as well as the entire people of China. It is financed and munitioned by the National Government, and in defending Shanghai it is carrying out the explicit orders of the National Government. If the Japanese Army should carry out its therat and attack the 19th Route Army again, it will find General Chiang Kai-shek's troops cheerfully ready to die side dy side with their comrades of the gallant 19th Route Army.

JAPANESE BRING TWO ARMY DIVISIONS TO SHANGHAI

(*Continued from page 366*)

operations had failed. The object which the Japanese apparently had in getting possession of the forts was to prevent the possibility of their being used against their army transports. Now, however, that the army transports have arrived without being fired on, the Japanese would have no immediate object in sacrificing men in order to get possession of them. The Chinese would probably be well advised also to abandon the forts and thus make an eventual Japanese victory as laughable as Don Quixote's attacks on the windmills. Sporadic attacks were made on the Woosung forts by the Japanese Destroyer Flotilla at various times during the week. The Chinese, for days at a time, did not reply, and this at first gave the impression that they had nothing but machine guns left. However, an occasional shot from the Chinese side indicated that they had some light field ordnance still left within the fortifications or had brought them up behind the forts.

The Japanese paraded their war equipment on Yangsszepoo road prior to engaging in operations against the 19th Route Army (which has been bearing the brunt of the Japanese attacks in the Shanghai area).

The Japanese equipment includes heavily armored tanks equipped with rapid-fire light ordnance. Six of a larger type were landed at wharves in the Yangtszepoo district February 14, followed by ten of a heavier type on the following day. The Japanese equipment contained much heavy and light artillery, which was rapidly unloaded and drawn by horses to positions in the Kiangwan and Changkahpang areas. With two divisions already landed here, a telegram from Tokyo February 15 reported that the Japanese Minister of War had indicated that despatches of further reinforcements to Shanghai might be necessary, in view of the fact that the 19th Chinese Army was obtaining reinforcements and preparing for a stubborn resistance. The War Minister intimated that the developments during the next few days would decide whether reinforcements to the Japanese forces already in the Shanghai district would be necessary or not.

In the meantime, Shanghai offers a sharp contrast to its accustomed routine. The greater part of the Hongkew district is deserted except for an occasional pedestrian or motor car. The majority of the Chinese shopkeepers and also a great many Japanese shopkeepers keep their doors barred, and many premises are apparently deserted. On many streets, particularly on North Szechuen Road, many shops have been broken into and the contents looted, by whom or when it being in most cases impossible to ascertain. Japanese Marine sentries are stationed at practically every street intersection and stop and search Chinese pedestrians and occupants of motor cars as the fancy suits them. Range Road, which is the dividing line for Chapei, but along which mostly foreign houses have been built, presents a particularly deserted appearance. The windows in many houses are broken and the majority of the houses are apparently deserted. Off the main streets the Japanese marines have wired off with barbed wire the alleyways inside the areas occupied by the Chinese, thus making it easier for them to intimidate and search them.

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An occasional shot from some sniper concealed in a nearby Chinese house blazes forth now and then, but Japanese reports of such occurrences are undoubtedly exaggerated. In the Central District and the French Concession Japanese Marines are not in evidence, and there have been no cases of sniping reported in these areas, which are all occupied by troops from Western nations. American, British, French and Italian troops are at present on duty, in addition to more than a thousand Shanghai Volunteers, in whose ranks are to be found representatives of nearly all Western nations, including a few Germans. The French forces include several hundred Annamites, and the Portuguese are sending here several hundred colored troops, natives of Madagascar.

Incidental to the daily increasing intensity of artillery fire, both by the Japanese and Chinese, shells from both combatants have been falling inside the Settlement almost daily. During the night of February 16 and the following morning 15 Chinese civilians were killed, and 15 more injured. Two British sailors were fatally injured by a shell which exploded on the Hongkew Wharf. Nine shells fell in the sector patrolled by the American troops.

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Ruins of Chapei Testify to Japan's Savagery

From the standpoint of ruthless "warfare," the destruction of Chapei by Japan's armed forces in Shanghai is a masterpiece. It is a terrible demonstration of her military strength and an unmistakable revelation of her savage instincts. Chapei, as it existed before the fateful night of January 28 last has gone down to history and will forever remain a mere geogrophical name in Shanghai. Where that large, prosperous and throbbing industrial center once stood, only a desolate expanse of charred ruins and piles of grey debris with an unknown number of decaying corpses of innocent civilian Chinese buried underneath remains to bear testimony to the glory of Japan's savagery.

Taking advantage of the supposed four-hour truce arranged between the Chinese and Japanese High Military Commands on Feb. 12 to enable relief workers to rescue the remaining dying Chinese residents in the war zone, representatives of the *Review* braved a possible rain of bullet fire to pay a first visit to that once popular district behind the Chinese lines. The first sight that greeted our eyes as soon as the car got on the Chungshan Highway was a long, endless train of war refugees wending their way laboriously from war-torn Chapei into some unknown safety zones. Traffic along the road was so terribly congested that the way was entirely blocked.

Crossing the railway tracks at the intersection of the Chungshan Highway and Chaotung Road, our car essayed to press through the huge mass of humanity to the wrecked Shanghai North Station, but the solid moving columns of the human mass frustrated any attempt to drive along that direction. After considerable difficulty, the car managed to get as far as the Chunghsing Road; here we soon reached the very center of the war scene. Looking around, we noticed that except for a few blocks of houses deserted by their occupants on the North and West, Chapei is just one huge mass of ruin and wreckage. It is here that the Japanese air bombers have done their "excellent" work. Practically, all the buildings which before Jan. 28 sheltered the teeming Chinese residents are literally leveled to the ground with their contents gutted by fire caused by Japanese incendiary bombs and their occupants crushed to death beneath ghostly piles of the fallen houses. Here and there, one saw a building, but close view revealed the deception of the sight. It was not a building as such; there were merely four skeleton charred walls empty of human or other contents.

Through the courtesy of some officers at the front, we were given an opportunity to visit the very first Chinese defense line on Paoshan Road. As most streets and alleyways in the devastated area have became obliterated and impassable, we had to tread on fallen roofs climb little mounds of ashes and debris. At the back entrance of a house, we suddenly encountered a dead woman corpse on the street covered with a blanket. We were not conscious how many dead bodies of innocent Chinese we had walked over during the little distance we travelled.

Crossing the street almost on all fours to avoid being seen by Japanese snipers nestled on roofs on their line, we were soon brought to the back of the Oriental Library owned by the Commercial Press. Towering above the rest of the debris, the charred and shattered walls of the building which once housed thousands of rare and priceless collections of literature and paintings stand as a grim momument to the wanton and vicious destruction by the Japanese air bombers. We entered the building through a huge shell hole at the back and clambered up two stories to reach where the Commercial Press Editorial Department once was. The contents of the Library we found, were, completely gutted and reduced to ashes and practically nothing but the four concrete-reinforced steel walls remains. In the Editorial Department, however, one iron stove which defied the fire stood by to mourn the fate of its other comrades in adversity. Among the charred debris, we explored and were lucky indeed in discovering a huge pile of letter heads of the Oritental Library and six volumes of Anking District History in fine hand writing. Just at the moment, several shots were fired from the Japanese lines, because the truce was nearing expiration. Hurriedly making away with this precious "loot", we quickly descended the stairs and re-made our way back through the crushed roofs and piles of debris. We returned by way of the Tientungan Road, the northern end of which leads to the Tientungan Railway Station which was the scene of the first outbreak of hostilities, when the Japanese crossed the Railway with the confident expectation of occupaying whole Chapei within "Six Hours."

C. H. H.

Chinese Urged By Kuomintang to Refuse to Pay Taxes

The Shanghai District Kuomintang, has launched a campaign urging in the Settlement Chinese to refuse to pay taxes to the Municipal Council, it being alleged that the Council has failed to uphold neutrality and that the Settlement Chinese, suffering from the effects of war, are unable to pay their taxes. A gist of the letter which Kuomintang officials have addressed to the Chinese General Chamber of Commerce and the Chinese Ratepayers Association on this subject follows:—

"The municipal government of the International Settlement is organised by residents of various nationalities. All the expenses for police, fire brigade, education, health, etc., are therefore financed by revenues collected from the Chinese and foreign residents. The revenues paid by the Chinese residents constitute the major part of the Municipal Council's incomes.

"Now the Japanese soldiers have attacked Chapei with the International Settlement as their operation base. The Chinese residents in the Settlement have been looked upon as enemies and massacred. Aeroplanes are bombing the Chapei areas, destroying that once prosperous district. In the northern part of the Settlement, a reign of terror exists.

"Yet, the Municipal Council members have put their hands in their sleeves and are deserting their duties. That the authorities are ignoring the sufferings of the Chinese residents cannot be doubted.

After stating that the Chinese in the Settlement, having closed most of their business establishments on account of the war, are finding it extremely difficult to pay their taxes, the letter continues:

"Since the Settlement is a neutral zone, the police force is of an international nature. The Japanese action in Chapei must have been approved by the Council for it allowed Japan to infringe upon her neutrality. The

International Settlement have allowed Japanese to guard Hongkew. They have allowed the Japanese to occupy the police stations, set fire to buildings, and to commit all kinds of brutal crimes. The Municipal Council, therefore, should share a part of the responsibilities and unless measures are put into force to remedy the situation, the Chinese should not pay their taxes.

In conclusion, the letter states:

"The taxes for the spring season will have to be paid soon. Pity our citizens here! How can they pay the taxes? So we suggest that until the Council drives out the Japanese forces from the district and until they refuse the Japanese forces the right to land in the Settlement, we must not pay the taxes. It is the only way for a weak race to defend itself."

19th Route Army Will Resist to Last, Says Commander-in-Chief

Voicing his determination to uphold the sanctity of the international peace covenants now trodden under foot by Japan and to defend China at all costs, Gen. Chiang Kang-nai, Commander-in-Chief of the 19th Route Army in Shanghai, declared in a statement to the press that China has resolved to resist the Japanese armed aggressions with all her might regardless of consequences. General Chiang's statement reads as follows:

At the conclusion of the last European War, all countries in the world were most eager for peace. On the one hand, they bitterly regretted the tremendous loss of human lives and property during the war, while on the other, they ardently hoped that all nations would at last awake to the insanity of mutually destructive warfare. So, when the League of Nations was first created, peoples rejoiced that a solid foundation for world peace was thus being laid.

"Later, the Washington Conference was convened under the auspices of the United States to further the achivement of a real and lasting world peace. When the Nine-Power Treaty was signed the world recognized that not only was the sovereignty of China more securely guaranteed, but it also constituted a more advanced step towards international peace with the conclusion of the Kellogg-Briand War Outlawry Pact, and hopes for peace were rekindled.

"As China had always favored world peace, she naturally became a signatory to these international agreements. In her strict observance of these solemn documents and in the spirit of respect for them at all times, I believe that the world can testify on China's behalf.

"Unfortunately, the pacific intentions of China have always been misunderstood or frowned upon by her neighbor—Japan. Time and again, Japan has encroached upon our sovereign rights and violated international peace agreements. As China is under an obligation to preserve world peace as a signatory to these covenants, she can never, in any circumstances, tolerate any acts on the part of Japan calculated to disrupt world peace. For the purpose of upholding the sanctity of peace agreements, China is determined to muster all her strength to resist the Japanese armed forces, for the defence of China means precisely the preservation of world peace. We have resolved to fulfil our obligations imposed on us as a party to these solemn peace documents and to oppose Japanese agression by force regardless of consequences."

Latest New York Stock Exchange Quotations

Market Strong — Business Done 2,500,000 Shares — February 17, 1932

1931-1932 High	1931-1932 Low	Div $ per Sh.	STOCKS	Mon. Feb. 15	Tues. Feb. 16
23½	3¼	—	Adams Express	5¼	5¾
182¾	63½	*6.00	Allied Chemical & Dye	74½	78
42¾	10⅛	1.00	Allis Chalmers	12⅜	12⅛
129¾	55⅜	*4.00	American Can	Mutl.	69¼
51¾	6⅛	—	American & Foreign Power	7½	8⅜
31½	3¼	—	American & For. Power W.	4⅛	4⅝
58½	12⅞	.50	American Smelting	15½	16¼
201¾	109¼	9.00	American Tel. & Tel.	128⅝	134⅛
132¾	65½	*5.00	American Tobacco "B"	78⅝	81
80¾	22	3.00	American Waterworks	30	31½
43¼	8⅞	—	Anaconda Copper	10	10⅜
87⅞	13⅛	—	Baltimore & Ohio	17⅞	18⅝
70⅜	16	—	Bethlehem Steel	20¾	22⅝
76⅛	33⅞	*3.00	Borden Company	38⅞	39⅞
30¾	9	1.00	Borg Warner	11	11¼
45¾	11	1.25	Canadian Pacific Railway	15¼	15¾
131½	26⅝	—	Case J. I.	35⅛	38¼
54⅛	13½	3.00	Chesapeake Corp	17	18¼
25¾	10⅝	1.00	Chrysler	12¾	13⅛
20¾	5⅛	.30	Cities Service, Co.	6¼	6⅝
45⅞	12	5% S	Columbia Gas & Electric	13⅞	14⅜
12	3⅛	.30	Commonwealth & Southern	4¼	4⅝
2¾	⅝	—	" warr.	9/16	9/16
109⅝	54½	4.00	Consolidated Gas. of N. Y.	62¼	64¾
12	5	—	Continental Oil	6⅛	6⅝
86⅝	36¼	*3.00	Corn Products	43	45
5⅞	1	—	Curtiss Wright Co.	2	2
78¾	42¾	4.00	Drug Incorporated	54	55
107	46¾	4.00	Du Pont de Nemours	55⅝	57⅛
185¾	69½	5.00	Eastman Kodak	75⅝	78
61	9	6% S	Electric Bond & Share	12	12⅞
38⅝	2½	—	Fox Film "A"	4	4
54¾	17⅞	1.60	General Electric	21⅞	23¼
56	29	3.00	General Foods	34⅜	34¼
48	19⅝	3.00	General Motors	22⅞	23¼
84⅛	20⅛	5.00	General Railway Signal	24	24¼
38¾	9¼	—	Gillette	16	17¾
42½	15	2.50	Gold Dust	17¼	18
20⅞	3½	—	Goodrich Rubber	4	4½
52¾	13¼	1.00	Goodyear Tire & Rubber	15½	15½
22⅝	5⅜	.50	Granby	6⅜	6½
62½	15	3.00	International Cement	17½	17½
4	½	—	International Combu. Eng.	1½	1⅝
60½	22	2.50	International Harvester	23½	24⅞
20⅛	7⅛	.20	International Nickel	7⅞	8¼
38¾	7	.60	International Tel. & Tel.	10⅛	11¾
80¾	15¾	1.00	Johns Manville	22¼	23¾
31½	9⅝	.50	Kennecott	10¼	10½
27¾	4¼	1.61	Kreuger & Toll	8⅛	8⅝
91¾	40	4.00	Liggett & Myers, "B"	57½	58¼
63½	24⅛	3.00	Loew's: Inc	29½	31⅞
21⅞	10	1.20	Lorillard P. Co. (com.)	14⅛	14¾
19	3	—	Ludlum Steel	Mutl.	4¾
29¼	6¾	—	Montgomery Ward	9¼	10⅛
40⅞	14¾	2.00	Nash Motors	17½	18
14¾	4⅞	.40	Nevada Consolidated Co.	4⅞	4¾
132¼	24⅞	—	New York Central	31⅛	33
11	2½	—	North American Aviation	3½	3½
54⅞	29⅝	2.00	Pacific Gas & Electric	35¾	36⅛
11⅞	3½	.40	Packard Motors	4⅛	4
50¼	6	10% S	Paramount—Publix Corp	8¾	9½
64	16⅞	2.00	Pennsylvania Railroad	21¼	21¾
8½	1¾	.40	Pennroad Corporation	3⅛	3⅛
16⅝	4	—	Phillips Petroleum	4⅞	5
96	44⅛	3.40	Public Service of N. Jersey	55⅝	58
27½	4	—	Radio Corporation	8¾	10⅛
24½	¾	—	Radio-Keith Orpheum	5½	6
54½	32⅝	3.00	Reynolds Tobacco "B"	37⅛	38⅛
63¼	28	2.50	Sears Roebuck	33	35¼
10¼	2⅞	—	Shell Union	3½	3⅞
23⅜	6⅞	—	Simmons Company	8	Mutl.
26½	8¾	1.00	Socony-Vacuum Corp.	10⅛	10⅜
54½	29½	2.00	Southern California Edison	32⅛	32⅜
88¾	25⅝	3.50	Standard Gas & Electric	30⅛	32⅛
53½	25½	*1.00	Standard Oil of N. Jersey	28⅝	29½
26¼	10⅛	2.00	Texas Corporation	12	12¼
55¾	19⅝	3.00	Texas Gulf Sulphur	24¾	25⅜
18	2⅛	—	Trans America	4¾	5½
72	23⅝	2.60	Union Carbide & Carbon	32⅞	34
205⅛	67	10.00	Union Pacific Railway	86¼	91
38⅞	10	—	United Aircraft & Transp't	15⅛	16
31¼	7⅞	.75	United Corporation	9½	10⅛
37½	16	1.20	United Gas Improvement	19¾	20¼
20⅜	2⅞	—	U.S. Rubber	4¼	4⅜
152⅜	35⅝	2.00	U.S. Steel	47¾	49½
76¾	11¼	—	Vanadium	14¾	16
20⅜	2¼	—	Warner Bros. Pictures	3	3⅛
107¾	20¼	2.50	Westinghouse E. & M.	29¾	32⅞
72⅝	36¾	2.40	Woolworth	42½	43⅞
			Call Money	2½%	2½%

*plus extras

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The National City Co. Gold Bond Quotations Received From Head Office

February 11, 1932,

SECURITY	RATE & DATE DUE			Price	Approx Yield%
The National City Bank of New York	Stock			48¼	—
Argentine Government	6 %	May 1,	1960	52	11.98
U. S. of Brazil	6½%	Oct. 15,	1957	17⅞	—
Canadian National Railway Co...	5 %	Oct. 1,	1969	82	6.24
Chile Government.. ..	6 %	Sep. 1,	1961	11½	—
Republic of Finland ..	6½%	Sep. 1,	1956	56	—
Finnish Gtd. Municipalities "A"	6½%	Oct. 1,	1954	47	—
German Central Bank for Agriculture	6 %	Apr. 15,	1958	39¼	—
German Central Bank for Agriculture	6 %	Oct. 15,	1960	36⅛	—
German General Electric (A.E.G.)	6 %	May 1,	1948	40¾	—
Ilseder Steel Corp. ..	6 %	Aug. 1,	1948	26½	—
Kingdom of Italy	7 %	Dec. 1,	1951	88	8.23
Lautaro Nitrate Co., Ltd...	6 %	July 1,	1954	12	—
City of Milan	6½%	Apr. 1,	1952	64¼	10.80
State of Minas Geraes Series "A"	6½%	Sep. 1,	1959	15	—
Republic of Peru	6 %	Oct. 1,	1961	5⅞	—
Rhine Westphalia Electric Power Corp. ..	6 %	Apr. 1,	1955	38	—
State of Sao Paulo (Brazil)	7 %	Oct. 1,	1940	57⅜	—
Saxon Public Works ..	6½%	May 1,	1951	80¾	—
American I.G. Chemical Corporation..	5½%	May 1,	1949	68	9.27
Chicago, Milwaukee, St. Paul & Pacific ..	5 %	Jan. 1,	2000	9½	—
Chile Copper Co.	5 %	Jan. 1,	1947	51	—
Goodyear Tire & Rubber	5 %	May 1,	1957	74	—
International Match Corporation..	5 %	Jan. 15,	1941	59⅝	12.53
The Mead Corp. w.w. ..	6 %	May 1,	1945	47	—
National Steel Corp. ..	5 %	Apr. 1,	1956	73½	7.37
Japanese Government..	6½%	Feb. 1,	1954	76⅞	8.90
Japanese Government..	5½%	May 1,	1965	66¼	8.62

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 %	1925	56	—
Chinese Govt. Re-org. (£) Loan Stamped ..	5 %	1913/60	57	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	55½	—
Chinese Government (Crisp Loan)	5 %	1912	35½	—
Shanghai-NankingRailway..	5 %	1904/08	37½	—
Shanghai - Hangchow-Ningpo Railway ..	5 %	1908/38	64	—
Hukuang Railway.. ..	5 %	1911/1951	16	—
Tientsin-PukowRailway	5 %	1908/09	10	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

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Exchange Circular for the week ending Wednesday, 10th February, 1932.

Banks and business houses were closed on Saturday 6th inst. and Monday 8th inst. for Chinese New Year Holidays. This closure made little or no difference to the stagnation of markets and business of all kinds caused by the condition of War existing here at present and described in our last The "State of Emergency" still prevails, and measures of defence for the International Settlement have taken first place in the minds and activities of the community. Enormous damage to areas surrounding the settlement has been caused already with no possibility of conjecturing when hostilities will cease.

Silver:—On the 4th inst. was 19½d. for spot 19⅝d. forward and U.S. $ 0.29⅛, and closes to day at 19⅝d, 19⅜d, and U.S. $ 0.29⅛.

India has been a seller: China has bought and sold. America uncertain. The markets abroad generally were described as featureless and idle.

Exchange:—The official T/T rate on London on the 4th inst. was 1/10⅛d. and remains unchanged.

The market on the 4th inst. was steady from the opening to the close at 1/10⅛d. and U.S. $ 32⅜ for spot cash, and 1/10⅛d. and U.S. $ 32⅜ for February: Yen were nominal at 111⅛d. to 110⅛d.

On the 5th inst. the above rates were obtainable all day. Needless to say there was very little business done.

Our Stocks of Silver are reported as follows:—

Sycee and Bar Silver ... ... Tls. 62,697,000 an increase of Tls. 506,000
Chinese and Mexican Dollars $ 193,090,000 a decrease of $ 310,000
Estimated value Tls. 201,721,000 as against Tls. 210,250,000 held at this time last year

†	Average rates for Jan.	Thursday Feb. 4	Friday Feb. 5	Saturday Feb. 6	Monday Feb. 8	Tuesday Feb. 9	Wed. Feb. 10
Bank's selling rates		*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*	*opening* *closing*
T/T on London	1/10.652	1/10½	1/10½			1/10⅛	1/10⅛
D/Dfts ,,	—	1/10⅛	1/10½			1/10½	1/10½
4 m/s ,,	—	1/10.⅝	1/10.⅝			1/10.⅝	1/10.⅝
T/T on India	124,771	124	123¼			123¼	123¼
T/T on France	874,652	821	823			823	819
T/T on N.Y.	32,272	32⅛	32⅛			32⅛	32⅛
T/T on Demand		32⅛	32⅛			32⅛	32⅛
T/T on Hamburg R. M.		137	136½			136¼	135
T/T on H'kong	76.049	76⅜	76½			76⅞	76⅞
T/T on Japan	112 576	111 nom.	109⅛nom.			111 nom	110nom.
T/T on Batavia	80.348	80	80			80	80
T/T on Straits	123 761	124	124			124	124
Bk's buying rates 4 m/s B/L. Cred.&D/A	1/11.805						
4m/s B/L D/P	868.522						
6m/s ,, B/L Cred&D/A	—						
4 m/s B/F Cred D/A or D/P							
4m/s N.Y.Lc.	33.946						
4m/s ,, Docs	—						

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling,	Feb. 4	Feb. 5	Feb. 6	Feb 8	Feb 9	Feb. 10
Bullion,						
*London Price of Bar Silver per oz. (English Standard 925 touch) Pence						
**New York Price of Bar Silver per oz. (Pure)	19¼	19¼			19¼	19⅜
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch)	G.$ 29½	G.$.29⅝	HOLIDAY	HOLIDAY	G.$.29⅝	G.$.29⅝
Shanghai Silver Bars (weight Tls. 100 (Canton) 999 touch) ....Nominal	Tls.	Tls.			Tls. 677.	Tls. 675.
Shanghai Mexican Dollars per $100	Tls. 112.00	Tls. 112.00			Tls. 112.00	Tls. 112.00
Native Bank Rate of Interest (Call money)	740 7%	737 7%			Tls. 740 7%	Tls. 735½ 6%

*Closing Price in London for Previous day
**Closing Price in New York for Previous day

Bank of England rate of discount	6%	London on Paris	T/T 87.43
Bank of France rate of discount	2½%	New York on London	T/T 344¼
London open of Market rate of Dis.	3m/s 4 1/16%	Bombay on London	T/T 1/6⅜
,, ,,	4 ,, 4.⅜	Hongkong on London	T/T 1/5 7/16
,, ,,	6 ,, 4⅝	Kobe on London	T/T 2/0⅜

FEARON, MAITLAND and SHAW

What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs Pieces; Mille—thousands.

ATREUS, December 7.

(Agents: Butterfield & Swire.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 6,075	*Pls.* 22,616

SACRAMENTO VALLEY Dec. 7.

(Agents: States S. S. Co.)

Cotton, Raw:		
American	*Bls* 12,278	*Pls.* 36,176

YOJIN MARU, December 8.

(Agents: Daido Kaiun K. K.)

From U. S. of America.

Timber, Softwood:		
Ordinary, Sawn...	*Sup. ft.*	160,457

PRESIDENT HARRISON, December 8..

(Agents: Robert Dollar Co.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 700	*Pls.* 1,858
Aluminium Sheets	,,	251
Bronze Powder	,,	4
Canned Asparagus	,,	30
,, Fruits	,,	27
Fruits, Dried	,,	82
,, Fresh	,,	87
Grease, Lubricating, Mineral	,,	59
Glucose	,,	111
Leather, Unclassed	,,	16
Milk, Condensed	,,	170
Oil, Coconut	,,	29
Petrolatum	,,	146
Paper, Printing	,,	220
Newspapers, Old	,,	2,220
Raisins	,,	56
Shrimps, Dried	,,	276
Wax, Paraffin	,,	415
Oil, Lubricating, Mineral	*Galls.*	22,157
Lemons, Fresh	*Pcs.*	19,500
Motor-cars, Carts of	,,	6
Rubber Inner Tubes:		
For Motor-cars	,,	470
Dyes, Aniline	*Pkgs.* 5	*G. Units* 709
Machinery, & Parts of	,,	59,422

CITY OF ELWOOD, Dec. 8.

(Agents: American Pioneer Line.)

To U. S. of America.

Tea, Black, other kinds,		
Shanghai	*Pls.*	7
Tea, Green:		
Gunpowder, Ningpo...	,,	188
Young Hyson, Hangchow	,,	171
Hyson, Hangchow ...	,,	23
Bristles, Assorted	,,	200
Oil, Wood	,,	915
Wool, Sheep's	,,	1,020

SHINYO MARU, December 8.

(Agents: Nippon Yusen Kaisha.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 100	*Pls.* 360

PRESIDENT COOLIDGE, Dec. 10.

(Agents: Robert Dollar Co.)

To U. S. of America.

Silk, Raw, Steam Filature:		
Yellow, Chungking	*Bls.* 30	*Pls.* 29.74
Silk, Raw, Reeled from Doupions:		
Shanghai	*Bls.* 50	*Pls.* 49.41
Silk Pongees, Honan	,,	79.32
Tea, Black:		
Congou, Wenchow	,,	86
Other kinds, Hankow	,,	155
Tea, Green:		
Gunpowder, Ningpo	,,	1,066
Hyson, Hangchow	,,	57
Young Hyson, Hangchow	,,	62
Book, Printed	,,	9
Brassware	,,	26
Feathers, Duck	,,	98
,, Goose	,,	40
Hair, Human	,,	72
Hats, Hemp	*Pcs.*	9,000
,, Rush	,,	180,800
Skins, Lamb	,,	1,000
,, Mole, Untanned	,,	620

KASAGI MARU, December 10.

(Agents: Nippon Yusen Kaisha.)

From U. S. of America.

Cotton, Raw:	*Bls.* 400	*Pls.* 1,400
Coffee	,,	26
Shrimps, Dried	,,	170
Tobacco, Leaf	,,	1,075

PRESIDENT WILSON, Dec. 11.

(Agents: Robert Dollar Co.)

From U. S. of America.

Cotton, Raw		
American	*Bls.* 1,876	*Pls.* 5,548
Iron and Steel, Ungalvanized:		
Tinned Plates, Plain	*Pls.*	798
,, ,, Scraps	,,	375
Steel, Structural	,,	51
Canned Asparagus	,,	50
Bronze Powder	,,	15
Butter	,,	3
Canned Fruits	,,	35
Fruits, Dried	,,	66
,, Fresh	,,	58
Grease, Lubricating, Mineral	,,	101
Lead, Red	*Pls.*	60
,, Yellow	,,	60
Milk, Condensed	,,	540
Oil, Coconut	,,	30
Onions, Fresh	,,	56
Oranges, Fresh	,,	183
Paper, Printing (Wood free)	,,	3,791
Raisins, Dried	,,	23
Shrimps Dried	,,	409
Soda Ash	,,	840
Sulphur Black	,,	558
Motor-cars	*Pcs.*	5
Rubber Tires, Pneumatic:		
For Motor Cars & Trucks	,,	730
Rubber Inner Tubes:		
For Motor Cars & Trucks	,,	96
Automobiles, Parts of	*G. Units*	2,364
Machinery, & Parts of	,,	1,526
Dyes, Aniline	*Pkgs.* 6	,, 1,127

ASAMA MARU, December 11.

(Agents: Nippon Yusen Kaisha.)

To U. S. of America.

Bristles, Assorted	*Pls.*	5

SHEAF CROWN, Dec. 11.

(Agents: Dodwell & Co.)

From U. S. of America.

Oil, Kerosene, in Case	*Galls.*	809,180
,, Lubricating, Mineral	,,	517

TYNE MARU, December 12.

(Agents: Showa Shipping Co)

From U. S. of America.

Cotton, Raw	*Bls.* 100	*Pls.* 367
India-rubber, Old	,,	444
Enamels	*Galls.*	362
Lacquer	,,	347
Paints	,,	756

CHUSAN, December 14.

(Agents: Butterfield & Swire.)

From U. S. of America.

Rubber Tires, Pneumatic:		
For Motor Cars & Trucks	*Pcs.*	8

CHINESE PRINCE, Dec. 14.

(Agents: Butterfield & Swire.)

From U. S. of America.

Iron, Scrap	*Pls.*	1,023
Borax	,,	504
Dextrine	,,	34
Flour, Corn	,,	504
Glucose	,,	247
Ink, Printing	,,	71
Sulphur Black	,,	211
Tobacco, Leaf	,,	34,928
Wax, Vegetable	,,	13
Machines, Sewing	*Pcs.*	300
Motor-trucks,	,,	6
Shoes	*Pairs*	368
Oil, Lubricating, Mineral	*Galls.*	10,871
Motor Cars, and Trucks,		
Parts of	*G Units*	5,254
Machinery	,,	17,549

PRESIDENT MADISON. Dec. 15.

(Agents: Robert Dollar Co.)

To U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 80	*Pls.* 78.96
Yellow, ,,	,, 40	,, 38.89
,, Dairen	,, 39	,, 39.02
Silk, Raw, Reeled from Doupions:		
Shanghai	*Bls.* 75	*Pls.* 73.55
Silk, Waste:		
Shanghai	*Bls.* 24	,, 77.63
Silk Embroidery	,,	0.34
,, Pongees, Shantung	,,	0.58
Tea, Black, Congou, Hankow	*Pls.*	37
Tea, Green:		
Gunpowder, Ningpo...	,,	1,711
Hyson, Hangchow ...	,,	132
Young Hyson, Kiukiang	,,	99
Other kinds, Kiukiang	,,	9
Brassware	,,	30
Skins, Lamb, Untanned	*Pcs.*	11,450

RHEXENOR, December 16.

(Agents: Butterfield & Swire.)

From U. S. of America

Cotton, Raw	*Bls.* 85,00	*Pls.* 29469

KWANSAI MARU, December 18.

(Agents: Osaka Shosen Kaisha.)

To U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 25	*Pls.* 25.04
Bristles Assorted	,,	43
Hides, Buffalo	,,	618
Hats, Hemp	*Pcs.*	750

BURGERDYK, December 18.

(Agents: Java-China-Japan Lijn.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 21,000	*Pls.* 76,983

EMPRESS OF RUSSIA, Dec. 21.

(Agents: Canadian Pacific S. S. Co. Ltd.)

To U. S. of America.

Tea, Green:		
Gunpowder, Ningpo...	*Pls.*	209
Silk, Raw, Steam Filature:		
White, Shanghai	*Bls.* 20	,, 18.67
Yellow Chungking, etc.	*Bls.* 25	,, 24.47
Feathers, Goose	,,	52
Hair, Human	,,	212
Skins, Lamb, Untanned	*Pcs.*	7,122
Hats, Buntal Fibre	,,	468

MARGARET DOLLAR, Dec. 21.

(Agents: Robert Dollar Co.)

From U. S. of America.

Wood Pulp, Chemical	*Pls.*	2,810

TAIPING, December 21.

(Agents: Dodwell & Co.)

To U. S. of America.

Silk Pongees, Shantung	*Pls.*	3.60
,, ,, Manchurian	,,	2.55
Tea, Green:		
Gunpower, Ningpo	*Pls.*	516
Young Hyson, Hangchow	,,	176
Hyson, Hangchow	,,	92
Tea, Leaf, Unfired:		
Wuhu, etc.	,,	1,852
Brassware	,,	8
Bristles, Assorted	,,	6
Skins, Goat, Untanned	,,	46
,, Sheep, ,,	*Pcs.*	3,400

WISCONSIN December, 21.

(Agents: States S. S. Co.)

From U. S. of America.

Paper, Bond	*Pls.*	935
,, Printing	,,	4,119
,, Wrapping	,,	779
Timber:		
Softwood, Ordinary, Sawn	*Sup. ft.*	2,007,418
Laths	*Mille*	200

BUYO MARU, December 21.

(Agents: Rioka Soko Kabushiki Kaisha.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 1,800	*Pls.* 6,734
Tobacco, Leaf	,,	7,145

VICTORIA CITY, Dec. 21.

(Agents: States S. S. Co.)

From U. S. of America.

Cotton, Raw:		
American	*Bls.* 88,99	*Pls.* 27,132

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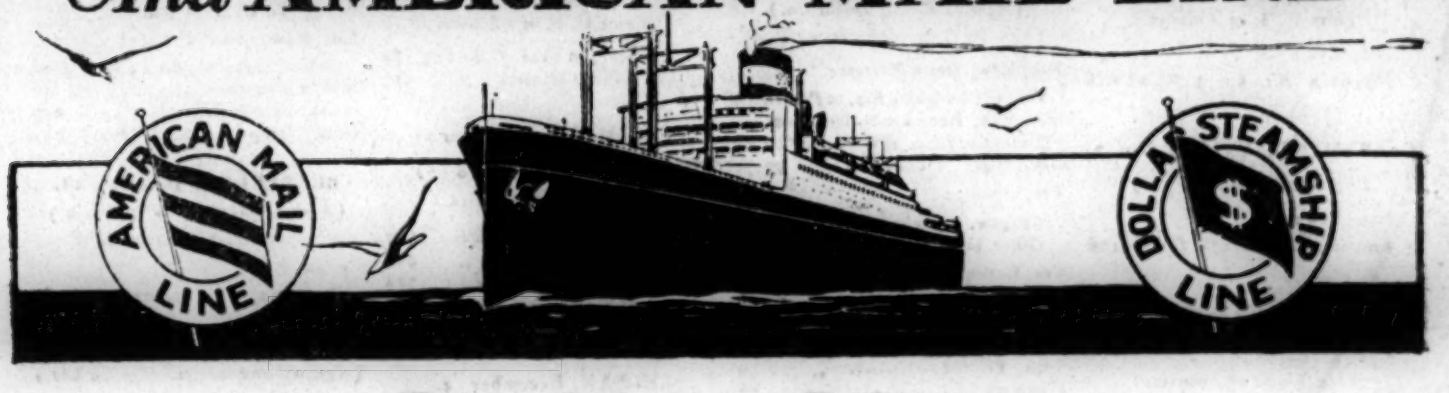
And AMERICAN MAIL LINE



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